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*Credit on the New York Stock Exchange*

Vol. XXVII, No. 4

LIBRARY

November, 1925

# CREDIT

## MONTHLY



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*Credit Problems in Saddlery and Harness*

*Page Seven*

25 cents

\$3 a Year





*If only there had been*

## EXPLOSION INSURANCE

**A** SHATTERING roar — buildings crushed and broken — tells the story of another explosion.

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SOCIETY LIMITED**  
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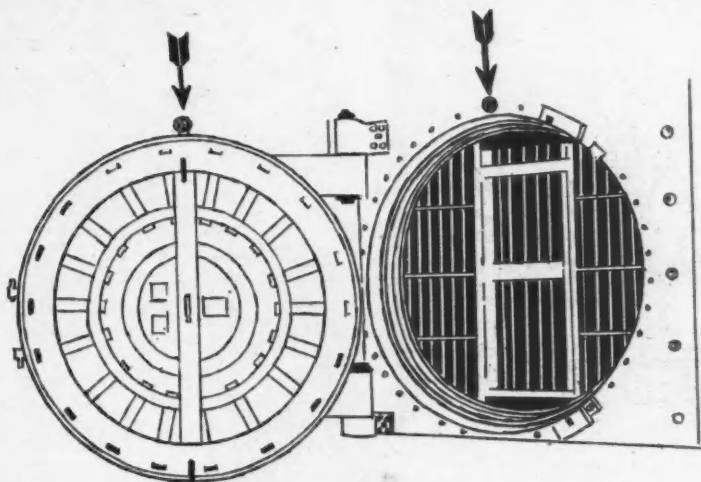
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OLIVER J. MATTHEWS, *Mgr. Credit Insurance Dep.*

C. M. BERGER, *United States Manager*

*With the Editor*

THE NEXT TIME you receive an invitation to "invest" in a Florida real estate project, turn to the Credoscope in this issue of the CREDIT MONTHLY and read what J. H. Tregoe has to say under the heading "The Danger Point."

cCc

PLANS are being shaped for the CREDIT MONTHLY in 1926. You will hear all about them! But meanwhile, it would certainly be good for your professional magazine if a large number of you—and don't forget that you own the CREDIT MONTHLY—wrote to the Editor right now and advised him as to *what you want in it*. More fiction—or less? More personalities—or less? Facts? Opinions? Articles on Credit Department methods? Information on business conditions? More pictures? More frivolity? What advertisers that we lack should we have? In fact, What is your pleasure, Gentlemen?

cCc

AN article in our December issue on the place of calculating machines in the Credit Department will complete the series of twelve articles on office mechanism announced to appear during 1925.

"Were these articles of real value to our readers?" That is the question we look to our readers to answer before planning another series for 1926 and in our "Comment Folder" we find several letters which refer to this series.

The treasurer of a steel company writes, "The policy of keeping your readers posted on the latest developments in mechanical devices, particularly those devices that appertain to the work of the credit executive, deserves much favorable comment by credit executives."

"It is so chock full of good advice that one tends to be satiated before he is through reading. An article of this kind might well be split up, half in one issue and half in another," says another reader.

Another kind of comment is the

# CREDIT MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, 41 Park Row, New York.

Rodman Gilder, Editor

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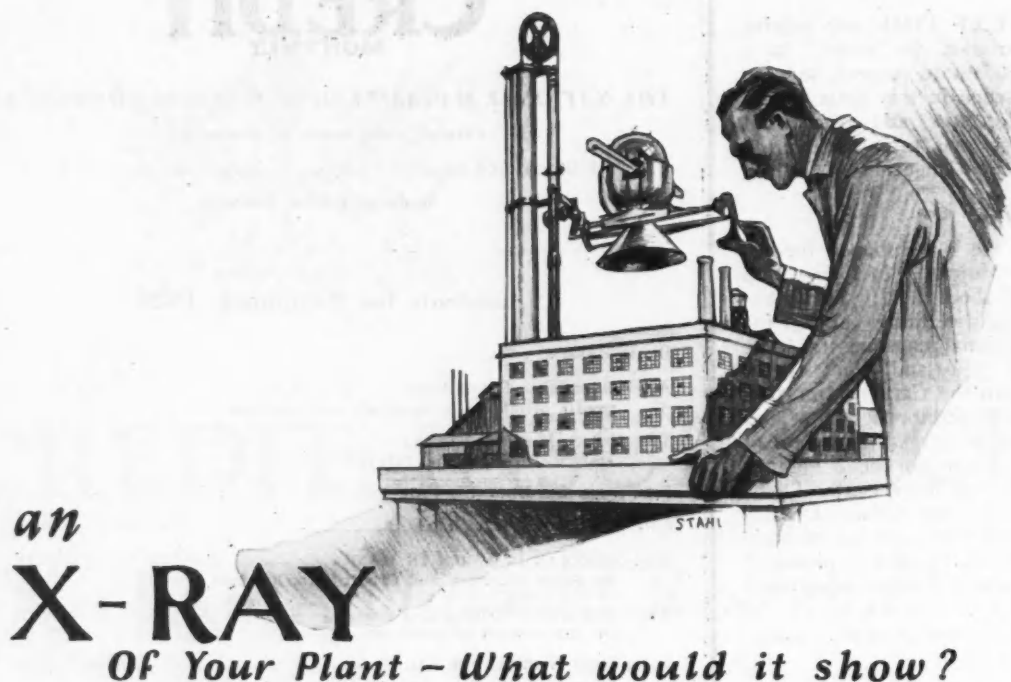
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requests from readers for additional information on the machines, forms, indexes, desks, check writers, and daters described in these articles.

We want comments, favorable and unfavorable, and requests for further information. They are of inestimable value to us in our effort to make the CREDIT MONTHLY really serviceable to workers in the field of credit. Let us have more of them!

THE CREDIT MONTHLY has received from N. S. Conover, Murray Rubber Co., Trenton, N. J., the following poem clipped from Life, signed "E. L." and entitled "A Credit Manager's Thought on a Beautiful Morning":

The noblest words that man's composed  
Are few and terse: "Find Check Enclosed."



an

# X-RAY

*Of Your Plant - What would it show?*

'Way down deep, where trouble is least expected and where no one has paid particular attention to conditions, fire breaks out. And after the ashes have cooled, realization comes that disaster might have been averted if the potential hazard had been recognized in time.

But as in many insidious diseases, expert diagnosis is necessary to get under the surface for Fire Prevention treatment. Just as it is often

imperative to call a medical specialist in case of sickness, it is vital that your fire hazards be remedied by a Fire Prevention specialist.

We would be glad to demonstrate to you from the experiences of others how our Engineering Department functions to prevent preventable fires. The service goes with our policies on properties warranting it.

*May we turn our X-Ray on your Plant?*

**AMERICAN EAGLE**  
**The CONTINENTAL**

**FIDELITY-PHENIX**  
**FIRST AMERICAN**

**FIRE INSURANCE COMPANIES**  
**Eighty Maiden Lane, New York, N.Y.**

## *Buck Passing*

THEY had reached the last subject on the program of the executive conference.

"This mistake has cost the company eleven hundred dollars," said the president, "and I want—to—know—who—is responsible."

He glared around the table at the eight men next to him in rank in the organization. He was prepared for a session of that exasperating game called Passing the Buck.

"I am responsible," said the youngest vice-president. "And the only explanation I have to offer is that I acted like a dumb-bell."

There followed a silence pregnant with trouble.

The president fixed his eyes on the youngest vice-president, and said in an even tone,

"I'll see you here right after the meeting—and the meeting is over."

The other men, melting out of the room, left the two, seated, facing each other.

"This has never happened before since I took hold of the company six years ago," the president declared.

"I'm sorry," said the younger man.

The president,—who, like many business successes, was both hard-boiled and sentimental,—grinned and repeated,

"Sorry? I'm delighted! I don't relish that eleven hundred dollar loss. But I'm sick of buck passing and alibis, and I thank God I've found someone in this outfit with the courage to look me in the eye and admit he is wrong."

*Robtman Gilder*

Editor.

CAPITAL \$3,000,000

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Your broker can tell you why he is pleased  
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*Riot and Civil Commotion*  
*and all Subsidiary Fire Lines*

*QUEEN* indemnity embraces that element  
of *Quality* which represents the true  
spirit of Insurance.

STATEMENT DECEMBER 31, 1924

TOTAL ASSETS	- - - - -	\$19,442,403.90
LIABILITIES	- - - - -	13,558,652.69
NET SURPLUS	- - - - -	5,883,751.21
CAPITAL	- - - - -	3,000,000.00
SURPLUS TO POLICYHOLDERS	- - - - -	8,883,751.21

Western Dept.	Southern Dept.	Pacific Coast Dept.	Cuban Dept.
F. P. Hamilton, Mgr.	S. Y. Tupper, Mgr.	Rolla V. Watt, Mgr.	Trust Company of Cuba
CHICAGO	ATLANTA	SAN FRANCISCO	HAVANA

# CREDIT

## MONTHLY

Vol. XXVII

NOVEMBER - 1925

No. 11

## An Industry in Transition

### Credit Problems in Saddlery and Harness

By H. P. Preston

**H**ORSES are among the world's best loved animals. A king once offered his kingdom for a horse. Fast horses—but not fast enough—have ruined many a man's fortune. Horse-back riding has long been called the sport of kings. Even today there are few of us who do not feel the thrill of riding, even if we are only hacking in a park or wearing a pair of mail-order chaps on a "dude ranch" in vacation time. It is odd that in studying the business end of any sport, we usually stumble upon the fact that character is ordinarily the largest factor in the determination of credit.

The selling of saddlery is a case in point. Saddles are sold by shops ranging from a one-man proposition to large sporting goods houses. With the latter, determination of credit is relatively easy.

But take the case of a harness maker (sometimes a combined cobbler and harness maker) in a village. One of the villagers wants a certain saddle. The harness maker sends his order to one of the large jobbers. Shall the goods be sent C. O. D? What terms shall be extended?

The man may have a stock valued at less than one hundred dollars. The saddle he orders may be worth seventy-five. Is he a good credit risk? If he is of good reputation, he is. The terms extended must suit the individual case.

Terms of payment in rural districts are largely controlled by the fact that trade and barter are still the rule. Cash is seldom on hand. A man may need a suit or a saddle now. He may be unable to pay for it until his hogs are sold, his hens laying or some other income producing activity begins. But his credit may be perfectly sound.

Thus character counts heavily in all business having to deal with small men located in rural sections. It counts in the saddlery field. A man of known probity, no matter how small his tangible assets, can obtain reasonable credit.

#### Durable Goods

Difficult as this situation is, it at least meets one of the credit precepts of Executive Manager J. H. Tregoe of the National Association of Credit Men, namely that goods should not be consumed before the credit is extinguished.

Horse-back riding is definitely on the increase. Wayne Dinsmore, Secretary of the Horse Association of America, states that "five years ago there were only eight

riding clubs and academies, and about 500 riders in Chicago. In June, 1924, an actual census taken by our Association disclosed 39 riding clubs, academies and stables, 1,752 horses kept exclusively for use under saddle, and 8,175 riders."

This same growth holds true in other sections of the country notably Los Angeles, Washington, New York, Buffalo and Boston. It indicates on the whole a good future for the saddlery industry.

One difficulty that it faces is the fact that quality is an abiding principle among all reputable houses. This means durability. A good saddle will last the average rider a lifetime. Replacements are, therefore, few. The industry does not however depend upon individual orders for its support. There are riding schools, military academies, National Guard organizations and other quantity buyers.

Another interesting feature of this business is prejudice. England has long been known for its fine saddles. But there are today American made saddles of English design which are every bit as good as the imported models, are usually cheaper and are often actually better in appearance. These saddles are made of the imported pigskin. Some of them are even made by English workmen, chosen for their skill and brought to this country. They are made with the most scrupulous care, in every respect. Yet the riding public—unless the facts are strongly brought home to them—ask for imported models. American manufacturers have been slowly overcoming this prejudice for many years. In time even more extensive efforts may be put forward to educate the public to the fact that American saddlery is the equal, if not superior, of any that is imported.

Most saddlery houses also manufacture harness. This business is in a good condition, despite the fact that many people believe that draft horses are no longer used. The demand for light driving harness is, naturally, much less than formerly. But heavier harness continues to sell well. Some idea of the market may be gained from a realization that on January 1, 1924, there were 18,263,000 horses used in agriculture alone in the United States. These animals represent an investment of \$1,176,282,000.

So far, horses are the cheapest and quickest means of handling certain delivery problems, notably those confined to a short radius, with frequent stops. Many New York department stores main-

tain fleets of horse-drawn vehicles in addition to their motor trucks; and a motorized milk delivery service has not yet appeared in New York at least.

The saddlery and harness industry is in a state of transition. Some of its old glory has departed, but much substantial business remains. It casts envious eyes at the present boom in the automobile field. But, on the other hand, those who think of it as dying on its feet are vastly mistaken. The horse has by no means disappeared even from the city streets.

Eventually it may be that some of the smaller companies will find it to their advantage to effect a consolidation with some of the stronger concerns, which will probably continue to hold their places by merchandising strategy and forethought.

#### How a Tailor Standardized

The merchandising expedient experience of a tailor might give them a suggestion. This tailor was very well-known, an excellent craftsman and established many years. But business was not going forward as rapidly as it should. He found that men did not seem as willing as previously to pay \$125 upward for their suits. So he specialized. He designed one model, adaptable to several types of men, gave it a distinctive name and offered it made to measure for \$60. His increased sales and subsequent success justified his course. Costs of cutting, material cost and other items were saved. A smaller unit margin of profit resulted, but the quadrupled volume of his business more than made up for this.

The saddlery and harness industry is one of extreme individuality. There are almost as many styles of saddles and harness as there are whims in woman's dress. Perhaps standardization on selected models, with concentrated selling efforts along these lines, may be the industry's next step. This would of course, involve education of the consumers, who are not yet ready to accept standardized models. They are used to the multiplicity of designs and want certain styles in saddles. On this connection, it may be interesting to note that women's side saddles are almost a thing of the past.

Credit executives know that the relation of standardization to credit is a subject worth consideration in many lines. Standardized articles allow a dealer more rapid turnover and consequent increase in profits.

# Credit Man's Attorney Entitled to Early and Full Information

By Percy W. Rodman

Fairfield Finance & Mortgage Corp., Bridgeport, Conn.

**I**N the relationship between Credit Manager and his attorney, it is prior to court action that the greatest good can be obtained from intelligent co-operation. This is the time when all the known elements of the particular case should be thoroughly gone into and a definite program arranged. If this has been done, far better results can be looked for than when, saying hurriedly, "Here is a claim, Mr. Attorney, collect it!" We hit him with a disordered bunch of duplicate bills, correspondence, statements and the Lord knows what not. Yet too often this is the way the attorney receives business from the credit manager.

Among the facts that an attorney would like to know are the following: First and foremost, has the debtor any property? Is the claim subject to *bona fide* legal defenses on the debtor's part? What is his exact location, or the exact location of his business? Are the bills correct as rendered, and is the creditor going to stand back of any action taken? Is the creditor ready to stand back of the proposed action with cash?

It is necessary to know if a debtor has property which may be attached and confiscated, because there is no sense in starting something only to find that there is nothing at the end of it. Of course, the attorney can find out; but he is not a detective, and certainly does not care to assume the duties of a detective. In this case, in order to determine the facts, he does what is obviously necessary and perhaps lets the rest go, unless perchance he is very young in the profession and enthusiastic, and looks upon it all as helpful experience. The Credit Manager's files should have the information as to the debtor's property, its location, assessed value, etc., and this information should be verified and passed on to the attorney.

It is not fair to the lawyer to be confronted unexpectedly with legitimate claims brought up by the debtor for goods purchased not up to specifications or not according to sample, etc. If there is any possibility of the attorney being confronted with such complaints, it is the Credit Manager's duty to trace them out, and make the necessary adjustments, rather than wait for the time when he turns the case over to the attorney. It is bad to have the attorney run up against this kind of a blank wall trying to collect the account. It not only disgusts the attorney, but is likely to drive away a customer who, if fairly treated, might have been continued on the books.

Through errors in the shipping or stock departments, the wrong goods are sometimes sent and often the customer does not notify the shipper until the process of collection has started.

Too often the threat, "If not paid by such and such a date, we will turn the matter over to our attorney," means nothing, and what is worse, the debtor knows it as well as the Credit Manager who makes it.

Once the threat is made, after every other action has failed to bring settlement, it must be carried out and action started through the attorney on the date specified,—provided, however, that the debtor has something against which the action can be aimed. When started, the action must be seen through to the finish, the costs absorbed and the attorney supported loyally all the way. The old maxim, "Be sure you're right, then go ahead," should be followed by the modern one, "Go the limit."

Do Credit Managers, as good mechanics, use the highly efficient tools ready to hand in the most workmanlike manner possible? You have your attorney, your accountant and auditor, your collection service, your local credit organization and your national organization. Are you using them and getting all out of them that you possibly can?

It is hardly possible to give a blanket formula to govern all cases. That is where individuality and the aptitude of the man for his fascinating job comes in. But this can be said: Every case is worth concentrated attention whether \$50 or \$50,000 are at stake; and if your action is to be through your attorney, it is only puzzling and annoying him and cheating yourself not to go through with it in a workmanlike manner. Get down to brass tacks, give the attorney everything you have that will help him and he will get results for you. To give him this help presupposes the fact that you and your records are abreast of the job. If this necessary condition does not exist, the fact will stick out like a sore thumb when you are obliged to call upon your attorney.

We all come face to face now and then with receiverships. The usual procedure in the United States has been to have an attorney as receiver. He in turn uses the Certified Public Accountant preferably, or other accountants less preferably, to let him know just where he stands. In England the procedure is reversed. There it is first the accountant, then the attorney as his advisor.

Now, although the average attorney knows his business law, he is not always a howling success as a business administrator. Therefore, if you possibly can, watch your step, and observe results early and often. The condition of credit frauds in this country at the present time is so alarming that the slightest relaxation of vigilance on the Credit Manager's part is likely to cost his concern real money, to the discredit of the erring Credit Manager.

If a bankruptcy has been caused by inefficient management, lack of credit, or something other than fraud, then the most efficient administration is needed. This should be supplied either by an adjustment bureau, a good business man, or by the exceptional attorney with wide business experience. Not to have a capable and honest administrator invites trouble.

It is up to the Credit Manager to use the tools at his disposal in the most efficient and intelligent manner, to prepare the way by having ready the necessary information, compact and accurately compiled, to call in the attorney only when convinced that legal action is necessary, and finally when a case is undertaken, to go through with it to a finish.

## Fire Bugs and Business Failures

**C**REDIT executives everywhere realize that arson has become one of the most effective weapons in the hands of the commercial crook. They will be glad to learn the Glens Falls Insurance Co. has contributed to the anti-arson campaign promoted by the Fire Waste Council a film entitled "Arson—A Menace to America," that will soon be shown in many cities throughout the country.

The film will bring the enormous extent and terrible toll in life and property of the crime of arson vividly to the attention of the general public.

It opens with views of a raging conflagration and a few words about fire destruction in the United States, then switches to the sufferers from an individual fire and their sympathetic neighbors. One of them expresses the opinion that since the home was insured there was "really no loss." An insurance agent standing near takes vigorous issue with this and tells the first speaker, to his surprise, "It is even costing you something!" Next day, in the insurance office, it is made plain to him that the cost of fire indemnity is borne by all policy-holders, of whom he is one.

Following this, are animated diagrams showing the total fire loss, the 40 per cent attributed to incendiarism and the famous Glens Falls "Moral Hazard Chart" in which is shown the close correspondence between fire loss and the percentage of business failures. Then begins the arson story.

A crooked merchant is seen as the idea of burning his stock is suggested to him by a weird and repulsive figure typifying Arson. Above the store is the apartment of a policeman, who, in returning to his home, stops in to buy a doll from the window for his baby up-stairs. In the night the merchant and "Arson" consummate their plan and the place bursts into flames.

The policeman and his family, wakened from sleep, have a narrow escape but the former catches a glimpse of the merchant as he leaves his burning store.

Following this is shown the glee of the Arson fiend, which changes to dismay upon the arrest of the merchant and his confinement in a cell. As the merchant looks in rage from between the bars, his features are transformed into the glaring countenance of the fiend.

The whole constitutes a remarkable piece of acting and setting and is calculated to produce a public demand for prompt trials and stern sentences instead of the present attitude of easy tolerance.

Arrangements have already been made to produce "Arson" in some of the leading New York theatres and in many first-run movie houses throughout the country.

Copies of the film are being made available to insurance agents, Credit Men's Associations, civic bodies and others at the cost of production. Further particulars may be had from the CREDIT MONTHLY.

# One Shoe at a Time!

By Marshall D. Beuick

THE intermittent thud, thud, thud ceased as Benjamin Black threw his hammer down on his work bench, and released the strap that had held hundreds of shoes to the cobbler's iron last. John Schwartz had hustled into the dingy cellar, which had good light only in the front beneath the window. Through this window Black could observe the state of dilapidation of his possible customers' shoes as they shuffled past on the sidewalk on the level of his eyes.

"Well, Ben, you all through for the night?" Schwartz asked in a harsh tone, as he slid into a rickety chair.

"Yes, guess I'll knock off now. Suppose I put in an hour more, I'd only make about fifty cents; and fifty cents don't mean nothin' when you're 's tired as I am."

"You oughta get into some kind of work, Ben, where you can earn more and work easier."

Schwartz almost shouted as he lunged from the chair toward Ben. "Look at me. I make 'bout three times what you do by just runnin' a grocery. Why don't you open up a store?"

"Well, first place I don't know nothin' but cobblin'; second place I haven't got much money."

"Oh, that's all nothin'. Open a dry-goods store; get credit; and you'll soon get business."

Ben mused. He dreamed of a store with lots of light—on the street level. There would be no wet leather to handle, no rough shirt and coarse apron to wear. He would be a merchant. But then he realized that he knew nothing about keeping accounts or dealing with business men except such as those from whom he bought his meagre supplies.

"It would be fine, John," Ben agreed, "but I know nothing about book-keeping."

"I'll show you enough about all those things to start you off. Why, look here, this middle west section is growing. In ten years this town will be a city. You get in on the boom now and you'll be rich. Everybody's talking about the great prosperity we are goin' to have with the coming of the Twentieth Century. I didn't know any more than you and now I can keep my family better than all the neighbors."

Ben hung up his apron, kicked aside a

stiff hide that lay across a bucket and splashed his hands in the mirky water. Thoughtfully, he took the door key down from the nail on the wall and with a nod to Schwartz walked to the street door.

\*\*\*\*\*

Templeton had grown as Schwartz predicted. The town was now a city and the sign across the front of one of the smaller yet prosperous stores read "BENJAMIN BLACK & Co." The cobbler's bench was a relic in the Black family. It was

"One shoe at a time, John," Ben used to retort when Schwartz tried to laugh at him. Ben into doing business on a larger scale.

When other department stores, however, came into the city and opened up on corners more advantageous than Ben's, concern for the future of his business made Ben consider seriously the quick-turnover methods employed by his new competitors. His son had been infected with the germ of quick-turnover and sneered at what he called old-fogysm in his father.

John Schwartz bounded into Ben's store one evening after a poor day's sales. A new store down the street had put on a big sale. It had been widely advertised in the local papers. One newspaper publisher, however, had the courage to denounce sales of this character in an editorial article, explaining why his paper had refused to accept the advertisement of the new department store. Ben nodded to Schwartz and finished reading the editorial, which denounced the sale as injurious to good business and even insinuated that the stock might be stolen goods.

"Well, Ben, you of bookworm, aren't you through reading that newspaper?"

"Yes, John," Ben answered in a low thoughtful voice. "I've just been reading what the *Star* says about this sale down the street. You know, it may be dangerous for that fellow to do business like that. And, if the goods he is selling is really sort of stolen goods, he'll get in trouble yet."

"Bunk," Schwartz sneered. "You're too conservative. You

haven't got enough guts. Get over that. Why, I read that editorial and I want to tell you if any newspaper wrote that way about me, I'd have the whole gang in court and sue them for a quarter of a million dollars. What does that editor think he is, a Sunday school teacher, trying to tell business men how to run their business."

A suit was started by the merchant against the *Star*. It never went far, because the editor refused to settle out of court. The shopkeeper was baffled, and when he learned that a short, stocky man had come on from New York and was roaming the town asking questions he be-

(Continued on page 35)



"LOOK AT ME. I MAKE 'BOUT THREE TIMES WHAT YOU DO BY RUNNIN' A GROCERY."

# Salesman Is Taken In Hand

## By Sales Manager and Credit Man, His Best Friends

By Frank G. Hathaway

Manager, Department of Service, National Association of Credit Men.

*The talk herein was not recorded by a stenographer, but it is a true synthetic record of the co-operation established between the sales and credit executives of one important concern.*

THE inter-office telephone rang on the desk of Harry Martin, Credit Manager of the Acorn Grocer Company. In reply to the kindly voice of the Sales Manager, Martin said, "I'll be right in, Fred."

Now Fred Holmes, the Sales Manager, was one of those men who expected his salesmen to give the best that was in them, and in return he gave them his whole-hearted support. He had been a salesman himself, and knew from experience the trials and pitfalls his men were subjected to. He selected Saturday morning as the time to purge the souls of his men of any grievances they might have, and send them home to their families for a contented Sunday, and out into their territories Monday morning, full of confidence that the entire company was behind them.

Fred had long since learned the value of the Credit Department to constructive sales work. Indeed that was one of the reasons he had become Sales Manager of his concern. Consequently he and Martin were on intimate terms, and were often seen out in the territory together, making friends with the customers and paving the way for the salesmen.

When Harry Martin stepped into the Sales Manager's office he beheld across the mahogany table the dejected form of Ed Summers, one of the salesmen; and from the general atmosphere of the office surmised that all was not well with Ed. "Good morning, Ed!" said the Credit Manager heartily.

"Mornin'," was the listless reply.

"I've been going over with Ed his sales record for the past year," began Holmes, "and we have decided that it's not so good. Two of his cylinders are missing; and unless we get new plugs or clean the old ones Ed's not going to finish in the bonus money this year. His first six months of last year, which we have before us, do not compare favorably with the first six months of this year. There seems to be a steady falling off each month; and among other reasons Ed thinks the Credit Department has something to do with this condition. So let's lay the cards on the table and help this boy out."

### The Credit Department Alibi

"But before we go any further, Ed," continued Holmes, smiling as he leaned forward and placed his hand on the salesman's shoulder, "you're licked before you start arguing on that point. I have never known the alibi that the Credit Department is to blame to hold water in this organization. So, Harry," he said, turning to the Credit Manager, "you be the doctor and prescribe something for this fellow. He's your patient as well as mine."

"Well, Ed," said Martin, kindly, "what were your sales for last month?"

"For June, \$8,154," the salesman answered, and then, with a little less gloom, added, "and \$8,742, for May."

### The Good Work Goes On!

C. M. Howland, Credit Manager of the Dudley Paper Co., Lansing, Mich., writes Mr. Hathaway:

"Since July 1 the Sales Manager and I have been making a thorough canvass of the State, calling in every town we make. As we have a total of 6500 customers we couldn't see them all, but called on nearly 500. I know considerably more about the State than I ever knew before and naturally had many favorable surprises on accounts and only a very few unfavorable.

"Our present method is direct contact from the salesman first, and second we support him from the credit office by personal calls by myself and my assistant."

The Credit Manager pulled a narrow loose-leaf note book from his pocket and, after consulting it, announced,

"You have all of Hayford County, fourteen towns, which you cover every week. My records show that there are sixty-seven stores in that territory, doing a business in the items we carry in stock of—let's see—\$72,000 per month. Mr. Holmes tells me that, due to the quality of our merchandise and the service we can render this territory, our share of the business, taking into consideration the competition, is one-third of the gross sales, or \$24,000 per month. Now, I made a careful credit survey of that territory this spring and I find that I can extend credit there, on our regular terms, amounting to \$63,000 per month. As I see it, the situation is this—"

He pulled a block of paper towards him across the smooth table top and rapidly jotted down this summary:

Available business	\$72,000
We will allow credit up to	63,000
Our share—conservatively	24,000
You are getting	8,154

The salesman studied the document for a moment. Then he looked up and said, "I'll admit those figures show me up all wrong, but I am going to be frank with you, Mr. Martin, because I think you are with me. Those figures look all right on paper; but it occurs to me that it is a lot easier to make them look good than it is to go out and get more business in that territory."

"For instance,"—he was gathering speed,—"you told me this morning that Henry Myers should clean up his account to within thirty days. I admit that Henry is past our terms, but we never need to worry about that account. You told me yourself that he was worth a hundred thousand in his own name; and I know if I was to ask Henry for the money he would write me a check for all of it. When I know that one of these days he will be paying me all up I hate to ask him for the money, particularly since he is such a good customer."

"And furthermore, Mr. Martin, I can't

understand why you would give only \$63,000 credit in the whole territory, when Henry Myers alone would be entitled to that much."

"Ed," said the Credit Manager, "I see I have not made the credit situation clear to you, and I want to do it right now. We will take the case of Henry Myers, for instance. How much business does he do?"

"He told me he did \$98,000 last year," replied the salesman.

"No, I mean how much business in the items we carry."

"I don't know exactly what he will do. About \$15,000 I should judge."

"Well, Ed," remarked the Credit Manager, "Myers told me when Mr. Holmes and I were on the Trade Extension trip this year that groceries was only a side line with him, that he did a little less than \$12,000 in them. He said we get about half of his business in groceries, or around \$500 per month. Now, don't you see, Ed, that when we allow him to carry \$1,000 on our books that he is using our money to finance other departments of his business?"

"In other words, a concern is entitled to credit from us on the basis of the amount invested in the department to which we are selling only commensurate with the sales of that department and the terms on our product. Therefore in order that we may be justified in allowing Henry Myers \$1,000 credit he would have to give us all his business in groceries,—that is, of course, in the event conditions did not arise where we would be justified in granting an extension of time. In order for us to be justified in giving a concern a \$1,000 line of credit we must receive that amount of business within the period designated by our terms. The credit limit is determined by the customer's requirements within the terms of our sales, and not so much on the net worth of the concern."

### Charlie Baker's Case

"Mr. Martin has the right idea, Ed," said Holmes. "Take the case of Charlie Baker of Millville. He bought his stock of us, and after he paid for the original order, (in the neighborhood of \$800), he had hardly enough money for change when he opened up. Even the fixtures, including the scales, were rented as part of the store. Charlie had considerable experience in the grocery business; and our arrangements with him were that we were to furnish him his requirements on the understanding that he would discount all invoices within a period of 15 days. His stock at the present time, after three years operations, will not invoice over \$1800. Yet he did a business of \$48,000 last year, half of which business came to us."

"Now, don't you see, that if we were to go to thirty days with Charlie on the basis of the business we are getting now, we would have an investment in his business in excess of his inventory? That would not be good business for us or for him. Charlie is a good worker, makes

# Retailers Need Advice On the Control of Overhead

By E. S. Stanley

The William Carter Company, Needham Heights, Mass.

lots of friends, and is making money, but Charlie is a good liver and has an expensive family. As long as you keep him discounting his bills you will keep the business. When you allow him more credit than he is entitled to, you will hang a mill-stone around his neck, that will not only put him out of business but will lose your investment in the account. The only thing that keeps that account open on our books is the fact that Charlie is a good buyer, you are a good salesman, and we have a good Credit Department."

The Credit Manager smiled and handed Holmes and the salesman each a cigar. Then, growing serious again, he said,

"If an account has a credit limit on our books of \$300 on a basis of thirty days, your game, Ed, is to get your customer to discount his bills in 15 days. In that way you can sell him \$600 per month and not be in excess of his limit, and yet double your business. And by the way, Ed, no dealer has ever gone into bankruptcy legitimately who discounted his bills."

It was the Sales Manager's turn to speak up:

"The reason I'm sitting on this job of Sales Manager today is that about twelve years ago I learned what Mr. Martin has been telling you here this morning.

"One way of summarizing the whole thing is this, *Get them into the discount class!* You can't do this unless you have the Credit Department pulling with you and you pulling with the Credit Department. The greatest ally the Sales Department and every salesman in it can have is a properly conducted Credit Department.

"When we checked over the statements this morning," the Sales Manager continued, "you will remember that we found you had a number of small items that your customers had left unpaid. Now, they are either allowances that have not been approved or are disputed items. No customer likes to see his statements cluttered up with items that do not agree with his records. It is not only annoying to him but places the selling concern in a bad light, and anything that is annoying to your customers means sales resistance.

"I think you have a credit complex, Ed. And the only thing in my opinion that will rid you of it is to pay attention to what Mr. Martin has been telling us. Sell your customers merchandise that they can sell, collect for what they buy, keep your ledgers clean by insisting on your customers paying invoices in full and in date order when credit memorandums appear. Be just as keen to make the allowance as you are to collect for the invoices, and spend less time arguing with the Credit Department and more time in developing business which is entitled to credit."

This session, though not without its painful moments for the salesman, proved the turning point in his career, because he happened to be one of those men capable of getting full value out of wise counsel from his best friends.

## Gastronomy and a Double Job

MR DOUBLET is, I understand, in charge of both the sales and credits of the branch office that he runs," remarked a CREDIT MONTHLY reporter. "What does he do best, credit or sales work?"

"It depends entirely upon how his digestive apparatus is functioning on a given day," answered an executive of the company. "If his gastric juices are doing their proper work, and all nature smiles, Doublet is a corking sales manager.

THIS company is selling about 10,000 active accounts in the face of a very active competition and, in common with other manufacturers of nationally known products, are reaching out to place the line in every store that promises a reasonable avenue of distribution. We are therefore insisting with more or less urgency on the filing of financial statements as a basis upon which credit both present and future may be predicted.

In studying these statements, we find on the part of retailers a lack of understanding of the problems they are facing so far as relates to overhead. With great frequency retailers report their overhead as being very much under what would be a reasonable ratio. At the same time their continued slow payments lay bare the fact that there is something eating up the profits of the business if their mark-up has been the usual one in their line of business.

## Statement Shows Slow Turnover

I have before me a statement issued by a small New York dealer which indicates a stock on hand of \$14,000, annual sales of \$26,000 with a yearly expense of \$3,000. In the first place, this man, being a haberdasher, is making a very slow turnover, his turnover being less than twice a year. On the other hand he is selling \$26,000 worth of merchandise at slightly less than 12 per cent overhead. He has an indebtedness of \$7,000 from which we deduce that it will be impossible for him to make a reasonably prompt payment of his account, because of the very fact if he is selling merchandise at a rate of \$26,000 a year or about \$2,000 a month it will take him 120 days to accumulate enough to take care of his outstanding indebtedness.

We are now passing through a business period during which shorter and still shorter terms seem to be the rule of the day. There is certainly something wrong in this man's business. And his condition is not exceptional. Almost all retailers, of whom there are already too many, seem to lose sight of the relativity between gross profits and the amount that will finally remain in their hands after expenses have been paid.

## Less Than Two to One

A statement from another individual, residing in a rural community, indicates a merchandise account of \$73,000 against which is owing \$52,500. He claims to be doing a yearly business of \$150,000 or turning over the stock about twice a year on an expense of \$28,000. This is more nearly a reasonable overhead; but picture a man starting out reasonably well financed,—as he was,—who now finds himself with assets less than two to one,—if there is any truth to be gleaned from his statement.

It seems to me that there has been a great deal of emphasis laid upon production. Distribution with its attendant problems has not been given the same careful attention and study. As a result we are flooded in our business life with thousands upon thousands of small retailers who apparently have no idea of the

importance of carefully weighing in all their selling costs.

We have for several years here in our Credit Department carefully analyzed this very problem; and upon taking the matter up with small retailers have shown them many times that there was too heavy a drain upon their business to allow the building up of any reserve. We have had this problem: Many times a man will start in business with four or five thousand dollars and by energy and careful management so far as his sales development goes will manage two or three turnovers a year on a mark-up of 33-1/3 per cent on the dollar of his gross sales. He has found at the end of the year that he had on sales of \$15,000 made a gross profit of \$5,000 from which he must pay all the expenses incidental to the conduct of the business and must have also something left for himself.

Now, in the ordinary course of events a man who is thrifty enough to accumulate \$5,000 in these hurried days is a man, if he has energy, who can get \$2,500 to \$5,000 by selling his own services; yet he finds, if he faces the issue, that he will have left at the very outside \$2,000 as a return to him for the service that he has given his little business during the year. But the problem is not faced in that way. He goes on blindly drawing what he considers he could earn outside until he has eaten his business up.

## The Remedy

Concerted action on the part of Credit Managers to educate small retailers to a proper understanding of these questions seems to me to be particularly in order just now.

## Foreign Trade Forum Opens New Season

THE first meeting of the current season of the Foreign Trade Forum was held at the Aldine Club, New York City, Wednesday Evening, October 21. This meeting opened the fifth annual series of these open forums, held under the auspices of the National Association of Credit Men for the study and discussion of (1) the current economic conditions in foreign markets; (2) the immediate or anticipated consequences of those conditions to the commerce of the United States; (3) the practical problems of sales and credit policy arising in such connection which must be solved by American export sales and credit executives.

Dr. Julius Klein, Director of the U. S. Bureau of Foreign and Domestic Commerce, Washington, D. C., was the speaker at this meeting. With his wide and thorough grasp of international economic problems, Dr. Klein was able to give a very interesting talk on conditions abroad and the outlook for European and American trade as he saw it during his recent three months' trip over the Continent.

# Loose-Leaf Systems for All

## Everything Credit Men and their Customers Need

By Eleanor Boykin

**T**HIRTY years is old for a flapper, but young for a bank president; a long time for a firm to discover and adopt the most expeditious methods of carrying on its business with modern appliances, but a short time for a system of record-keeping to make its way into offices all over the United States, past the bars of "We're getting along very well as it is."

It was thirty-seven years ago, to be exact, when the first loose-leaf device was

sibilities yet lie ahead. But if it is an infant, it is a lusty one, comparable only to "the millionaire baby" in renown and Jackie Coogan in achievement.

The earliest type of loose-leaf binder practical for general office use is still seen commonly today. You may know it by its two upstanding flagpoles which, unless the binder is filled to capacity, call for plenty of room on top. These unchangeable posts are all right for a transfer binder or for an office binder which

convenience in the maintenance of records means.

Many of the most popular loose-leaf binders on the market now require a key to lock and unlock the mechanism, and some manufacturers recommend this type because of the great compression that can be had in this way. The only argument against the key is that it may easily be misplaced in a world where few things seem to stay where they belong. Certain binders will yield to a dime as quickly



THE BOOK-KEEPING DEPARTMENT OF HALLE BROTHERS, CLEVELAND, OHIO, SHOWING EXTENSIVE USE OF LOOSE-LEAF BINDERS

patented, but the real exploitation of the loose-leaf principle was not begun much earlier than 1895. Today, it is accepted by big business and little business as the *sine qua non* in the accounting and production departments, and most frequently in the sales division. This, too, in spite of one setback loose-leaf has suffered.

When the practicability of loose-leaf ledgers was first proved, there arose enthusiasts who foresaw the universal application of loose-leaf, but insisted upon carrying out the idea with cards in the place of ledger sheets. Confusion and lost record resulted, and then word was sent around that there were pitfalls on the paths that led away from the old-fashioned bound book. But loose-leaf held its own, overcame adverse propaganda by a policy of education and co-operation on the part of its manufacturers, and adjusted its possibilities to office requirements. It is used today for machine and hand-posting ledgers, and for all other accounting records, for price lists, department records, salesmen's portfolios and manuals, minute books, time sheets and so on *ad infinitum*. The assertion is sometimes made that loose-leaf is still in its infancy, for notwithstanding the many developments it has gone through since birth, many pos-

can lie on a desk in splendid isolation, but not so satisfactory where the volumes must be stacked on shelves. Hence the sectional posts which followed the first invention and can be added to or reduced by so little as a quarter of an inch. Only the knobs need protrude above the surface.

### Getting Rid of the Knobs

Even this protusion is too much, some executives say. "The ends of the posts scratch the desks," they complain. Very well, the manufacturers are ready for this objection. They have binders which hide their hearts of steel under their leather and corduroy covers. These neither offend the eye nor mar the furniture, and, furthermore, they open and close as easily as a cigarette case.

It has been a triumph indeed, the perfecting of a binder which can embrace many or few sheets with equal ease. Holding them firmly when they are not wanted and yet letting them go upon an instant when they are to be removed, all without the help of a key or other unattached device. And the credit man, who is almost the first to feel the results of slipshod methods in his or his debtor's business, is in a position to appreciate what such

as to the key made for them, which comes pretty near reducing the key idea to a joke.

Some of the available binders and the equipment which goes with them will be described presently, but here it will be well to mention a few points which should be thought of in the use of loose-leaf systems. The binders must of course be chosen according to the way in which they will be used, what kind of wear they will have to endure, and where they will be kept. Transfer binders are usually of canvas, current accounts in corduroy and leather. Both covers and forms wear better with rounded corners. Slots instead of punches, where this is possible, are often advantageous, because there is not the same danger of tearing the paper.

The paper itself is of prime importance, a fact that buyers do not always recognize. Where forms as well as the binders are bought from one house, there will not be any trouble, but not infrequently, companies have local printers or their own printing plants make up forms to fit their binders, and this is where they must be careful. Not all printers watch to see that the sheets are cut so that the bending will be with the grain of the paper. In fact, I have heard people who might be



THIS LOOSE LEAF BINDER USED BY THE DE PREE CHEMICAL CO., CHICAGO, HAS NO PROTRUDING POSTS

supposed to know such things say that they had never thought of paper having a grain. But even the best paper must be humored in this respect if trouble is to be avoided.

To get the fullest amount of compression, sheets should be ridged near the slots, for this friction helps hold them together. This is called, in loose-leaf parlance, the locking swell, while the hinge swell is the crinkling in the paper further from the binding margin that breaks the resistance of the sheet and enables it to bend more easily. Remember that ledger paper is about as unyielding as paper can be, and it must be coaxed rather than forced.

As a whole, the loose-leaf firms devise as well as install entire accounting systems, if the customer wishes to revise or change his methods. One house, however, stands against this policy, in the belief that if a representative gives the necessary time for such an undertaking, he will feel that he must be compensated by his commission and may oversell the customer, though he may have no conscious intention of doing so. Any amount of co-operation and help will be given, but if a reorganization is wanted, an expert accountant is recommended. This manufacturer specializes in a binder which gets its elasticity from steel bands capable of being loosened by a keyless locking device in the back cover. When the binder is opened, it is precisely like any bound book for similar purposes and may be written in accordingly. Release the device in the back and the steel bands arch themselves so that a sheet may be taken out or put in without a moment's difficulty.

An interesting set of binders is made by a company which features stock and individual systems. There are four posts, two of which are permanent and two removable. Turn to any page you want to

remove, press a catch on the back of the binder, and you can lift off the top layer, together with the cross-bar so that no sheet is allowed to get out of place. After the sheet is taken out, the top lifted-off pages are laid back and the cover brought into place, when it fastens automatically. To prevent undue strain on the sheets, two of the posts are round and two elliptical, an arrangement that prevents the tearing of the punch-holes.

Go into this company's offices and you will see what appears at first glance to be a card file cabinet, but a good look over the counter will show you that the cabinet holds instead many loose-leaf books of uniform size marked vertically on the closed end so that the effect is that of file drawers. In these books are kept the orders as they come in every day, but there are many other applications which could be made of these small-sized volumes.

### To Avoid Misfiling

The possibilities of misfiling when there are so many binders which look just alike has been thought of by the manufacturers, who have devised the scheme of having the posts in a variety of slightly different positions so that sheets punched for one binder simply can not be filed in another.

A fascinating and at the same time practical machine book-keeping binder is made by an established firm we all know and respect. It requires a key to open, but at only a quarter turn of this little instrument, the cover springs up like a jack-in-the-box. There are no outside posts. Another style binder has the sectional posts, but no key. Levers attached to the posts are pressed down, and the cover can be slipped off at once; when it is put back on again, it locks itself.

Another variation of a sectional post binder is that one which has an attached key, so there are no wasted moments

looking for "the key that was here just a minute ago." This binder has other features, but the pride of the house which sells it is in the completeness of the service offered with the loose-leaf equipment. Systems of accounting, cost-finding, and so forth have been standardized for almost every business one can think of, and the company has been accorded the privilege to manufacture certain sets of forms sponsored by trade associations.

There is another patented binder in which the sheets are held by a similar binding principle, but instead of steel bands, leather or fabric thongs are used. Extensive experiment carried on by the government have proved that the fabric used in these thongs is more durable than leather, consequently it is most frequently used now. The series of binders made under this patent are distinctive for their all-leather covers, which conceal an exclusive expanding and reducing feature. With the turn of a key, the back may be expanded almost indefinitely or drawn up to fit one sheet. For opening the inside locking device, however, no key is necessary. The binders may be had with or without posts, which are useful in keeping up perfect alignment and in making the removal or addition of a sheet rapid without any danger of crumpling a slot edge, though not essential. But even when posts are used, they are not in evidence on the outside.

The binders are extensively used for machine book-keeping, one of the users being Herring Bros., a woolen house in New York. A comment made by this firm is worth repeating to credit executives. "The stuffing plan, used in connection with loose-leaf posting units, has been especially helpful. By this, we have reduced our posting work from seven distinct operations to two operations. The stuffing method has permitted us to make further innovations that have been helpful in our work, especially in connection

with the checking of orders by the Credit Department."

To the wholesale or manufacturing credit executive the principal thing of interest in the work that has been done along the line of standardizing record-keeping forms is the encouragement toward more accurate book-keeping the plan offers to the small retailer, to whom he is asked to grant credit. Every reader of the CREDIT MONTHLY has experienced difficulty in getting a dependable financial statement from a small dealer whose honesty he had no reason to doubt. Asked for definite information, the retailer might say:

"Well, I've about \$5,000 worth of merchandise on my shelves, and here are bills showing what I owe."

If the credit man can persuade him to keep detailed figures as to stock, accounts receivable, accounts payable, the cost of doing business, and so on, by showing him how all this work can be done without a great deal of labor and with only a small investment—because the retailer needs

nothing more than stock forms and binders already in use by thousands of merchants in the same line of business—that credit man will be adding one more to his dependable accounts.

Excellent loose-leaf equipment and conveniences for machine bookkeeping are available now; in fact, one manufacturer of loose-leaf devices has concentrated all his resources upon the making of supplies in this field, believing that they will be the big demand of the future. The ledger this house offers for machine posting opens and closes a little more slowly than some of the others with a key, but there is a 600-pound compression on the leaves when it is locked.

Bank statement cases that may be locked securely and put into the vaults at night are an application of the loose-leaf idea, and are being used by many banks. Still another demonstration of the principle has been made in the combination of the visible system with loose-leaf. This is simply the visible card or sheet index put into book form.

Nothing has been said here about ring binders, because, although they are excellent for many purposes, they do not permit so wide a use in commercial fields as those binders whose capacity is more elastic. The same thing may be said of several clutch binders which are on the market. One especially commands attention because it can be opened with one hand while a sheet is being taken out or put in with the other. The man who hates to have his papers scattered over his desk will find such simple binders very pleasant daily companions.

The largest houses, as has been suggested before, manufacture virtually all types and sizes of binders, and every needed form to go with them. Or they will work out individual forms to suit a customer. Companies like Cutler-Hammer, of Milwaukee, use from 15,000 to 18,000 loose-leaf volumes, while the corner shoe dealer in Pumpkinsville may get along with one volume, but either firm will find ample material and information to aid in making the most satisfactory installation.

# He Will Keep His Word

## A Story of Credit on the Stock Exchange

By Alfred B. C. Batson

**S**EATED in a stock broker's office on Wall Street a few days ago, I was idly watching the ever moving ticker tape and attempting to interpret some of its symbols while awaiting the freedom of one of the partners with whom I had some business.

"CRU 4. 70½" I knew meant that 400 shares of Crucible Steel had changed hands at \$70.75 per share; and "X 118" was to the effect that 100 shares of United States Steel had found a new owner at 18 dollars above par.

The whirr of the ticker seemed fascinating; but at the same time it brought an uncanny suggestion to my mind that the song the mythological sirens sang originated in the same key, and no doubt many unpleasant stories could be written of the men and fortunes that have succumbed to the musical note of the little glass encased instrument. I have always regarded Wall Street ground, open only to those persons mysteriously known as "the interests" and a place for both credit men and writers to carefully avoid.

There was one stock that during the past two years has been especially active and steadily advancing, ZON, the symbol of the Zonder Manufacturer Company. Since its admittance to the exchange it has been one of the most active and vacillating securities on the entire list.

The stock sold during the past year as low as 89½ and its rise to its present price in the neighborhood of 140 has been one of the sensations of Wall Street. In the few moments I sat watching

it, it went from 132½ to 134½ and back to 132 on less than 3,000 shares which showed its extreme susceptibility to concerted action on the part of its manipulators.

### "No Name"

Suddenly the following cryptic message was printed—FRANK JONES BOT 1200 ZONDER 133 NO NAME—after which the merry whirl continued.

Then I noticed the tape print ZON in a continuous run from 132½ down to 130½. Obviously the market in it was extremely active. Those speculating in it needed to watch its every move and, judging from past performances, should be prepared for erratic gyrations regardless of the action of the rest of the market.

The Frank Jones mentioned in the message happened to be a partner in the firm I was about to do business with; and

when the man I was waiting for approached I asked him to explain "NO NAME," the last two words on the tape message.

"Oh, that—" he said taking the tape and smiling at me, "that shows one side of Wall Street you writers never seem to believe exists if one is to judge by the characters you make your stock brokers out to be."

My answer was an importunity that he fire away, which he proceeded to do in this manner:

"In the first place I suppose you know something of the mechanism of buying and selling stock on the New York Stock Exchange. If you don't, just imagine a large room containing 30 or more posts on each of which are the names of several stocks. The buyers and sellers of ZON, for instance, assemble at post number 9 and there, and there only, can it be traded in.

"Now imagine a group of men gathered around that post, some with orders either to buy or sell, and others simply to watch for a chance to scalp a half point or so, if the opportunity for trading presents itself. Photographs of the floor of the exchange between 10 and 3 while trading is going on are not authorized and are exceedingly rare. But some day I'll take you to the gallery and let you see the Board in action.

"The exchange has over 1,000 members, many of them being out of town and never on the floor, transacting their business by wire with a New York Commission house; but on an average day there are on the floor at least 300 to



A RARE PHOTOGRAPH SHOWING ACTIVITY AT ONE OF THE POSTS.



FLOOR OF THE NEW YORK STOCK EXCHANGE—BEFORE 10 A. M.

Here on Friday, October 16,—2,684,907 shares were traded in,—a 9-year record in turnover. On Saturday the sales were the largest in the history of the Exchange for a 2-hour market, 1,682,550, or at the rate of more than 4 million shares for a 5-hour day.

500 men actively trading in securities.

"There are numerous other posts at which the same scene is going on, and between the noise of the shouting brokers, the unobtrusive ticket reporters, and of the Stock Exchange pages looking for brokers wanted on telephones, etc., the great room is a bedlam. In fact the noise is so great that on busy days it can be heard on Broadway a block away.

"Suddenly Frank Jones,—who keeps glancing at one or the other of the huge annunciator boards at the ends of the room,—notices that his number is shown. He hurries to his own telephone in one of the booths at the east or west side of the floor. A few seconds before, his clerk, stationed at his telephone, has pressed a button that has announced his number on the two boards.

"On the telephone, Frank Jones gets an order to buy 1500 ZON, say at 133. He dashes from the telephone booth into the crowd.

"When he comes to the ZON post he shouts, 'Zonder! Zonder!' — meaning that he wants to know the market stands. Immediately he is besieged by everyone in the group, the specialist in the stock is watching him, the floor traders are watching him, and he has to watch his step. Eventually he finds the market in Zonder stock '27½ to 3¼,' in other words the lowest price the stock can be bought at is 133¾, and the highest it can be sold at is 132¾.

"But,—having taken to heart the words of Mr. Dooley to the man in a poker game, 'Trust 'em all, but cut the cards,'—he bids 133 for a hundred shares and gets it, bids it again, gets it, and has 1300 shares yet to come. Now, had he gone into the crowd and bid for the whole 1500 at once, he would have put the market up on himself; he therefore takes a chance and waits to see if any stock is offered.

"As each sale is made a reporter for the company that operates the stock ticker system, picks up the news, which is in a few moments appearing on the ticker

tape in broker's offices all over the country.

"A moment later someone offers a hundred at 132¾ which he snaps up and immediately bids 133 for a similar lot, gets it and thinks he will be able to pick some more up without disturbing the market, when someone rushes into the crowd and bids 133¾ for 200. The bid is filled and then the market stands 133¾-133¾.

"The market is getting away from him. He backs out of the crowd and writes the transactions down on a pad of paper together with the names of the men from whom he bought the stock. This memorandum report he sends by a page to his telephone clerk, who telephoned the transaction to his office.

"He has 1100 shares yet to buy and he goes back to the post to see what the market is. The crowd has grown by this time and he has a hard time forging to the front. On the way he drops his pencil, but, as he knows it is useless to try to pick it up, he knows one from the reserve he carries for such an emergency.

"Evidently there is a big order in to sell around 133 for the stock is back at that price again and appears unable to get far above that level.

"He bids 132¾ again for a hundred but does not get it, when suddenly a member he does not recognize as having seen before rushes into the crowd and offers 100 at 133. Jones takes it and the other, who is stretching over someone else's shoulders to see him, offers 500 at the same price, which Jones also snaps up. The other then offers 500 more and the crowd gets wilder and noisier but not until Jones shouts, 'Take it!' and his purchase is completed. This evidently clears up the stock that is offered around 133, for before he can make his way out of the crowd it is 134 bid with no offers.

"When once he gets away from the post he recalls that he did not get a good look at his seller,—he noticed only that the man was bald headed. However, he immediately reports the transaction to

his office without the seller's name, and then goes in search of the seller. But trying to locate a bald headed man on the floor of the Stock Exchange on a day like this is a difficult job, and the ticker indicates that he hasn't found him yet."

I then happened to glance at the tape and saw ZON selling at 137 then jump to 138¾ on 200 shares.

Then the point of the story dawned on me, and I interrupted,

"I'd hate to be in Jones' place of having bought 110 shares of stock and without knowing from whom I bought it and with it up 5¼ points.

"He has a loss of almost \$5,800 against him unless he locates the bald headed man," I continued, "and confirms his purchase; and I see nothing to prevent the latter from selling the stock again at 138 and denying that he ever sold Jones the stock at 133, thus saving himself the \$5,800."

"That's true," said my friend. "Here is a chance for the man to do just as you say. But he won't, because he has given his word, or in this case his nod and he'll stand by it whatever happens. This occurs in very busy markets time after time but there is yet a case wherein the missing broker fails to acknowledge his stock. No written memorandum of any kind is exchanged by the contracting brokers. In this apparently informal way contracts are made aggregating sometimes more than 100 million dollars in a day. It is the unwritten law of the exchange that a man's nod or sign of acknowledgment is as good as his written signature, and it has yet to be violated, Frank Jones has nothing to worry about: the bald headed man will keep his word."

Then it dawned on me that I had a story wherein a tilt of the head or raising of the hand involved more than \$150,000 and gave a man an opportunity to make enough money to buy a first class automobile, but he does not do it for the reason that he will not violate his word,—and this is the basis of credit the world over.



# THE CREDOSCOPE

*J. V. Tregoe*

## The Danger Point

With the possible exception of 1907, every major panic we have gone through in this country began with unhealthy and unwise real estate expansions. Back in 1819, when the first panic broke, we were indulging an orgy of speculation in the new Southwest. Credits were built up and paper created beyond the powers of a reasonable liquidation. When the bubble burst, there was nothing but consternation and trouble.

We have been proud of our construction program of the past two years. In 36 Eastern States during the past eight months, construction aggregating very nearly four billion dollars was begun. This was an increase of fully 25 per cent over the same period of 1924. It had been expected some little while since that our construction program would slow down after the pressure for housing facilities had been met. This surmise, however, was not fulfilled. We have gone ahead at full speed and are still going.

There is so much credit available in the country now that little difficulty is experienced in getting funds with which to construct buildings of various kinds. The rapidity of the movement has naturally brought into the construction field a number of operators and contractors without adequate credit qualities and frequently with nothing more than a shoe-string. It has been easy for these people to get funds to carry out their program, and too often the venture proved a failure and some of the creditors were badly hurt.

This situation must be pointed out as a danger point without the least desire on our part to slow down an activity that serves to stimulate some of our soundest industries. It is not good sense, however, for us to applaud the speed of any movement if there is some

danger of a wheel coming off and the drivers and passengers having a bad spill. There can be control in the largest measure of the danger of this situation by careful credit discrimination. When scanning an application for a loan, the bank or the individual financing building operations should not be satisfied to have the property contemplated of sufficient value to make the loan safe. The builder or contractor should not be encouraged unless he has the qualifications of success and is taking some personal risk with his own capital in the venture.

To keep the construction program safe there ought to be a closer co-operation between lender and builder. The public should also be considered, for unless credit is wisely used and the dangers of its misuse avoided the public suffers.

I should like the readers of the CREDIT MONTHLY to study this message and, if it seems good to them, to pass it along. Let us be prudent, conserve what we can, and build safely for the future.

\* \* \*

## Secretary Mellon as a Credit Executive

The public is inclined to regard the adjustment of France's indebtedness to this country as a political matter rather than as a credit matter. We have in this adjustment some very interesting elements exemplifying in a vivid manner the operations of credit.

To France we gave our money and commodities amounting, with accrued interest, to approximately \$4,200,000,000 on May 16, 1925. For the money and commodities we accepted France's credit, and now the time has arrived when she wishes to arrange through her financial and political representatives for a liquidation of this credit.

The money loaned to France was used and the commodities con-

sumed. Secretary of the Treasury Mellon, as Chairman of the Debt Funding Commission, faces a problem that falls frequently within the daily routine of a credit executive. The adjustment of this large indebtedness involves features that apply as a usual thing to the adjustment of credit situations involving very small amounts.

First, the abilities of the debtor to pay must be considered by the credit executive. Abilities to pay are often conditioned upon abilities to earn. Therefore, endeavoring to force a quick settlement and to the last penny may so imperil the abilities of the debtor to earn that the payment of the debt is jeopardized.

In the ordinary commercial credit, the assets are comprised of merchandise, cash, receivables, quickly-convertible securities, real estate, etc., and the liabilities are the notes and bills payable. In liquidating the debt of a nation, its powers to produce and to tax are the chief questions.

This thing of credit is very wonderful to contemplate. Without the efficient credit system our nation enjoys, it would not have been possible to help France with loans and commodities in exchange for her credit. The entire gold stock of the world was far from sufficient to finance the needs of such a titanic struggle as that of 1914-18, and only credit in its flexible adaptability could meet the issue and place our Nation, as the chief banker of the Allies from 1917 on, in a position to supply our own as well as the needs of her friends.

Watching this great machinery of credit, stands the National Association of Credit Men, whose assistance in developing the credit powers so wonderfully helpful in the Nation's great crises may be regarded ever as one of its finest achievements.

Let us welcome Mr. Mellon into the credit circles as an executive

dealing with a credit problem of great magnitude and in the treatment of which not only good sense but forbearance may serve best the interests of our own people and help the nations toward a better accord in their international obligations.

\* \* \*

### The Uses of Credit

There are inexorable rules about the uses of credit that cannot be trifled with and may as well be recognized before reactions and explosions occur. So often, in dire necessities,—and we take in illustration the agricultural debacle of 1920,—the remedy is thought to be more credit, when as a matter of fact in many situations giving more credit is like shovelling coal on to a broken grate.

When extremities have been brought about by the ill use of credit, creating fresh credits doesn't as a rule heal the situation. The real remedy is to show the affected debtors how credit can be constructively used.

When debtors are in a tight credit fix, and find themselves unable to unravel their affairs, it is usually capital, not credit, that is needed, together with the practical sense needed for the rebuilding of a broken down condition.

We can not visualize vividly, the wreckage that ensued among the farm operators when the bubble burst in 1920. For the purpose of recovering those who might be salvaged, an agency has been established in the Northwest for the purpose of taking over large areas of farm land to retain the farmer as a sort of tenant, and help him to redeem himself.

The Locomotive Engineers' banking institution is reported as having taken an interest in this altruistic movement and to have given financial assistance to the company that will carry it on.

More than financial assistance to stricken farmers, is needed the advice that speculative chances must be avoided in the handling of farm lands, that credits must liquidate and that therefore obligations must not be taken on except when there are reasonable chances of carrying them through.

\* \* \*

### Work in Working Hours

It was the custom in old days, particularly in the section where my youth was spent, to devote a long period in the middle of the day to the dinner table and a little

rest thereafter. Going back to the office, the executive was not able usually to get immediately into trim for the finish of the day's work, and thus it happened that the working hours were extended into the evening and beyond the time that our physical powers are at their best.

This has been wisely changed into the custom of concentrating within a briefer time the activities of the day and devoting to the more important matters the hours in which the physical powers are at their best.

It isn't the length of time one works, but the manner in which one works, how time is used that counts in the final results.

I was surprised to find it a custom in Paris, and I judge also in other large cities of France, to close the banking institutions and many of the enterprises for two hours during the lunch period. Business in these institutions ceased entirely for two hours. The executives and their clerks went out for dinner and on their return could not possibly make up for the time lost during the recess. The later hours of the day, when the physical powers are at their lowest, had to be utilized for part of the day's work.

The impression came to me that this plan was not tending to help France's production and economic recovery. I have just received word that the French people for some reason are beginning to rebel against the custom. The two-hours-for-lunch habit has maddened visiting foreigners and been found bad for business. Economists are asserting there is unnecessary waste of electric light at the end of the day when it has been found necessary or customary to make up for the lost time.

A popular agitation has been launched for the modifying of this custom, and if the reform comes about, I am confident that the production and the man power of France will be better off.

The rush periods in Paris, particularly, are a sight to behold. The traffic becomes greatly congested, there is a wild scramble to get on to the trams or the Metro, and undoubtedly, a great deal of energy that ought to be directed along the courses of business is used up in the exertion of the lunch period.

Good sense in the using of working hours is important because it is so easy to work in circles and appear to be doing something when, as a matter of fact, we are doing

little, if anything. Our work should produce. Every move, every gesture, every word should bring its compensation. After observing these practices in France and the time devoted to afternoon tea by our English friends, I cannot help wondering whether the practical methods in this country of working during working hours and using time systematically, have not been one of the chief reasons for the nation's prosperity.

\* \* \*

### American Misrepresentatives

The experiences disclosed by some travelers when returning from abroad of the antagonism to our country they discovered among the English and French people interested me very much, and I cannot refrain from recording my own experiences of the summer, with three weeks spent among these people without a discourtesy or an unpleasant comment of any kind.

We should know that many of our travelers abroad are not representing this great country as it should be represented. This year there has been a considerable pilgrimage to foreign parts of young people who are not always controlling themselves with the prudence and the good taste of American people. Our riches have been flung into the faces of those who are struggling against the most serious economic problems of their lives. When our newly rich flaunt their wealth it is not at all surprising that our neighbors abroad should wonder why this country is asking them to settle an indebtedness created in one of the greatest emergencies of history when there is so much American money to pour out on senseless things.

I saw tourists behave in a manner that, if visitors to this country had been guilty of the same indiscretion and bad taste, they would have been thrown out of public places by the scruff of their necks. It is regrettable that our people going abroad for pleasure or for profit should lose sight of their citizenship and the responsibility always to dignify and never to discredit our Flag.

I could not find upon inquiry the antagonism to our country reported by some of the returning tourists. The English and the French are grappling with a life and death problem, and it is a shame to taunt them with the sense of what seems to them to be our bewildering riches.

# \$1,060,000 Down, \$750,000 to Go!



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THE CREDIT CROOK TAKES HIS TOLL OF THESE VAST SHIPMENTS

Manufacturers and wholesalers lose at least \$250,000,000 of merchandise a year through credit frauds. In the whirl of commercial traffic in any city, there are likely to be a number of trucks laden with goods which credit crooks are spiriting away.

*By William H. Pouch*

Chairman of the National Fund for Credit Protection,  
Vice-President, National Association of Credit Men

**T**HE National Association of Credit Men closed its campaign for the first unit of the Credit Protection Fund by raising sixty thousand more than the million dollars it sought.

This simple statement of fact is full of the greatest significance—to American business in the prevention of loss from credit frauds, to the National Association in the great opportunity for increased service, to the local Credit Men's Associations over the country in the increased demand for membership, and to the individual credit manager in the greater prestige that will accrue to the profession of credit granting.

The results of our effort that was concluded in June are already appearing:

The Credit Protection Department has two division offices—in New York and Chicago; the third is about to be opened in San Francisco.

It has opened twelve district offices in as many cities over the country and will establish others as fast as capable personnel can be secured.

It has now under investigation 300 cases as against less than 100 at this time last year—this in spite of the fact that the expansion of the Department has only just begun.

We are now taking steps toward securing the second unit of the Credit Protection Fund. The Administrative Committee of the National Association at its last meeting fixed the objective at \$750,000, named the cities—22 in number—that it considers and will treat as Key Cities, and directed that steps be taken to carry on the campaign.

The National Chairman will be assisted by George J. Gruen of Cincinnati and Frank D. Rock of Denver, Vice-Presidents of the National Association, who have consented to serve as Vice-Chairmen.

## A Momentous Plan

It was under the inspiring leadership of Mr. Pouch, president of the Concrete Steel Company, New York, at that time a director of the National Association of Credit Men, that the drive for the first million-dollar unit of the Fund for Credit Protection was initiated and put over the top.

Mr. Pouch answering the enthusiastic applause that greeted his presentation to the National Convention at Washington, disclaimed all personal credit for the success of the undertaking and spoke with warm enthusiasm of the work of hundreds of credit executives, who carried through what has since been called "the most momentous, protective and beneficial plan ever considered by a commercial organization since the beginning of the Nation's history."

Mr. Tregoe, as Treasurer of the National Association and of the fund, is administering the funds received from the first campaign with the scrupulous care that characterizes his administration of all of the Association's funds. He will, of course, act as Treasurer of the second unit as he does of the first.

The National Executive Committee that was in charge of the active prosecution of the campaign during the spring will continue to function during the coming year, its membership being increased by representatives from the Credit Men's Association in the South and West where campaigns are to be carried on. The present members will continue to serve on the National Committee, and the names of other leaders of business and commerce throughout the South and West will be

added. Letters have already gone to the Presidents of the Associations in the Key Cities asking them to name their Chairman so that the National Office may at once take up with them their plans of campaign.

We will not limit our effort, however, to the Key Cities. Just as during the winter and spring a number of the Associations in the North and East that had not been designated as Key Cities had campaigns and raised considerable sums of money; so in the South and West every Association, even though it has not been designated as a Key City, will be asked and will be counted upon to raise its share of the second unit of the fund. Then, too, there are the cities in the Northeast that began their campaigns in the winter or spring but were not able to complete them by the time of the Convention in June. There is every evidence that these Associations are determined to continue the work of securing subscriptions until they have reached their quotas, so that when the National Convention meets in New York next summer they will be listed among the Honor Cities along with the others that have raised their shares.

The success of the campaign for the first unit of the Credit Protection Fund was made possible by the unfailing co-operation and unceasing effort of the officers and members of the local Association. The campaign for the second unit of the fund will be just as successful, since we know there will be the same degree of co-operation and effort. Already, indications are appearing that the Association in the South and West will be just as anxious to participate in a successful campaign as were the Associations in the North and East during the winter and spring. They realize the opportunity for service that will be presented, the increase in prestige that will accrue to their local Associations, and the effect in increasing their membership.

# Burroughs



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# Husband and Wife Ownership

## A Question from One Granting Credit in Pennsylvania

By D. O. Serviss

**C**AN a piece of Pennsylvania business property, the upper story of which is occupied by the owner as a residence, held jointly in the name of the husband and wife, be in any way construed as a basis for credit? Or is that property, by virtue of the fact that it is used partly as a residence, held exempt? If not entirely exempt, what part of it? Does the joint title affect it in any way as being held as a basis for credit and subject to the business debts of the merchant?

The above question from a member recently addressed to the Department of Service of the National Association of Credit Men, was answered as follows:

"Your question raises the point as to property owned jointly by husband and wife in the State of Pennsylvania and requires a consideration of law with reference to 'tenancies by the entirety.'

"At common law, a conveyance to a husband and wife jointly during marriage created what was known as a tenancy by the entirety, which means that both husband and wife owned all of the property and not each an undivided half. Upon the death of either, title to the property so held vests solely in the survivor. This form of ownership has been abolished by many states by statute, but still exists in Pennsylvania.

"Personal, as well as real property is subject to such ownership. (*Frederick Estate*, 54 *Pennsylvania Super Ct.* 535; *Sloane Estate*, 254 *Pennsylvania* 346.) Land held by husband and wife, as tenants by the entirety, is not subject to be taken in execution for the debts of the husband. Property of a married woman acquired after the passage of the Married Women's Act of April 11, 1848, is held to be clearly exempt as the property of any other person from execution against her husband, and the products derived from such estate are not liable for the husband's debts even though the husband's labor assisted in creating them. (*Holcomb vs. Peoples Savings Bank*, 92 *Pennsylvania* 338.) The husband's interest may, it is true, be sold under execu-

tion during the marriage. Yet, if his creditors levy upon his estate in his lifetime and sell it as his property and take possession of it, the wife may recover it on his death in an action of ejectment. (*French vs. Mehan*, 56 *Pennsylvania* 286.) A purchaser at a sheriff's sale of the husband's interest is not entitled to possession as against the wife either jointly with her or to her entire exclusion. (*McCurdy vs. Canning*, 64 *Penn-*

pose of hindering and defrauding the creditors of the husband, it is void as against the creditors, so far as respects the wife's title. (*French vs. Mehan*, *supra*.)

"The answer to your inquiry is therefore simple. The property in question being held jointly by husband and wife in the State of Pennsylvania, is not subject to be taken for the debts of the husband and is therefore not a sound basis

for the extension of credit. If the husband's interest in the property were levied on and the wife survived the husband, the purchaser at a sheriff's sale would get nothing. If, on the other hand, the property were levied on for the husband's debts and the husband survived the wife, the purchaser at an execution sale would get title to the property. So, therefore, the husband's interest is wholly contingent upon his surviving the wife, and under ordinary circumstances the sale of the husband's interest by the sheriff would not be likely to yield any very substantial return."

The foregoing opinion is one which is of general interest to credit managers. The reply was not intended as advice as to a course of action which should be followed, but was a statement of law applicable to the facts set forth in the inquiry. Therefore, if members of the National Association of Credit Men are confronted with a question of joint title by husband and wife, it will be well to consult counsel as to the availability of the property as a basis for credit.

### For Free Distribution

**A**MONG the documents available for free distribution by the Department of Service of the National Association of Credit Men are:

(1) "Credit Men and Lawyers Agree on How the Federal Bankruptcy Law Should be Amended." This is an analysis of the amendments proposed to the Bankruptcy Law. The amendatory bill will be introduced in the Congress that convenes early in December.

(2) The Conditional Sales Law of Pennsylvania, which took effect September 1, 1925. This is of vital interest to concerns selling in Pennsylvania.



F. G. HATHAWAY

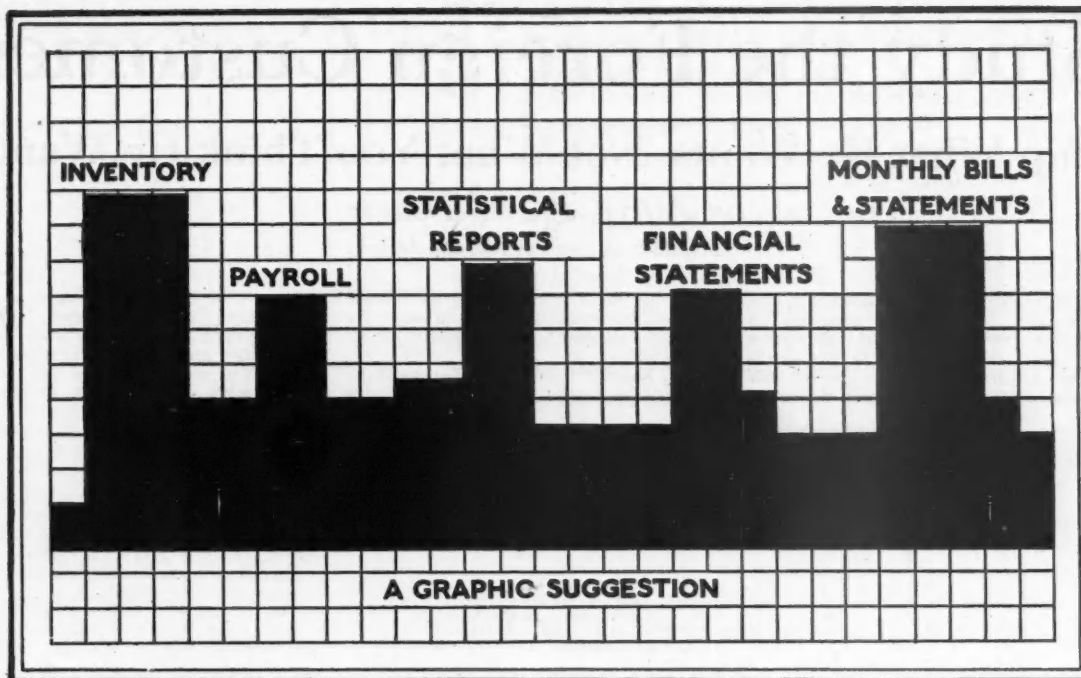
**A** HOLDER of a certificate of Associate of the National Institute of Credit, Mr. Hathaway has had ten consecutive years in credit work in Michigan, —with the Firestone Tire & Rubber Co. and The Worden Grocer Co. He was also, for several years, secretary of the Lansing Association of Credit Men.

As manager of the Department of Service of the National Association of Credit Men, 41 Park Row, N. Y., he receives a great volume of inquiries relating to credit work from members of the National Association in various parts of the country.

One of these inquiries, and the reply in full, is presented herewith. It will be followed, in later issues of the CREDIT MONTHLY, by other examples of service, which appear to have a general interest.

*sylvania* 39.)

"Upon the husband's death the wife acquires the property free and clear from all the debts of her husband. (*French vs. Mehan*, *supra*; *Fleck vs. Zillhaver*, 117 *Pennsylvania* 213.) If, however, the husband was indebted at the time of the purchase of the property, and if he took the title to himself and wife for the purpose of hindering and defrauding his creditors, the latter would have the right to levy upon and sell the land as the property of the husband. If the conveyance to the wife is made for the pur-



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# Study the Foreign Customer

## Ship What He Wants, Not What You Think He Wants

By Alfred Pearce Dennis

Member, U. S. Tariff Commission

**B**IOLOGICALLY, economically, socially, the world is organized on the competitive basis. It therefore seems almost like trifling to say that as the pace grows swifter and the competition better, we pull more and

more together in harness with our fellows. One of the amazing things in our economic development is the growth of associational effort.

Why shouldn't you gentlemen go ahead and conduct your business after the

fashion of the Cyclops? Homer writing of the Cyclops in the *Odessey* remarks, "Each man goes about his own business and no one pays any regard to anybody else." Yet you meet here on common ground with your common problems to solve and you set up through pooled effort a common reservoir or storehouse of service out of which each man can draw to his profit.

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*New York*

If anyone should ask me what was the most unique characteristic of our western industrial civilization, I should reply that it was our genius for abbreviation. We accomplish these short cuts or abbreviations through pooled effort. Looking out of my window on the ninth floor of a local office building, three salient objects impinge upon the retina. First, the Lincoln Memorial; second, the wireless masts at Arlington; third, the huge gas tanks in the same line of vision on the banks of the river. The exquisite white marble memorial to Abraham Lincoln is really a Greek temple transferred to the banks of the Potomac. Nothing new about it either architecturally or in the sentiment of patriotism which inspired it. As to the radio masts, the conception is Italian in origin but the purpose harmonizes exactly with our national genius for conquering time and space through pooled effort. They symbolize our impatience with distance—our fight against time—our protest against the awful brevity of human life—these lofty towers flashing intelligence across seas and continents. As to the huge gas tanks containing some millions of cubic feet of ill smelling coal gas, nothing new about the principle of these gas tanks but they are essentially American in function as representing pooled effort for the conquest of time and space. Trainloads of heavy, bulky coal transformed into a light, volatile gas which we distribute cunningly through myriads of underground pipes. A turn of the valve and a fire is ready in thousands of households, lightening the day's work, reducing housekeeping to an incident rather than the chief absorption of domestic life. All answering to the demands of a highly keyed, intensely occupied civilization demanding release from the tedious, time-consuming, humdrum occupations of bygone times.

### Pooled Effort

Time means nothing to the Oriental and the German housefrau often occupies the most of her waking hours in getting up the daily meals. Our genius for improvisation, for getting something done out of hand, employing extraordinary weapons for the conquest of time and space—the telegraph, the telephone, the express train, the automobile, the refrigerator car, the elevator, the tin can, the gas tank. It is quicker and easier to take an elevator than to climb flights of stairs. It is quicker and easier to turn a valve in the gas range than to lug a scuttleful of coal up from the cellar and build a fire. It is easier and quicker to

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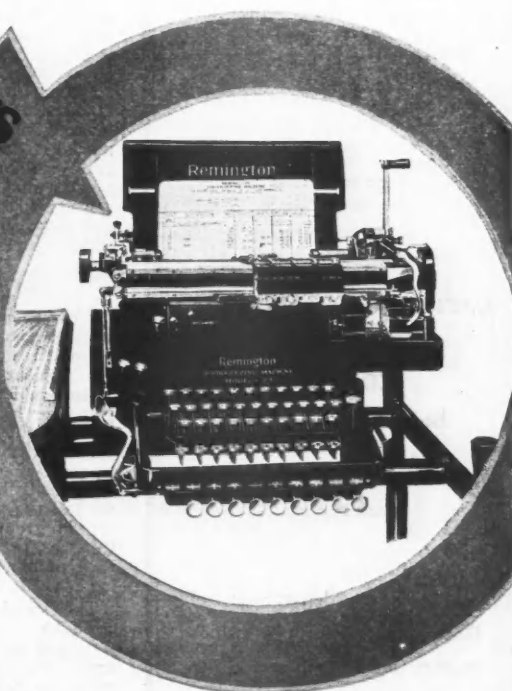
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open cans of food than it is to cook a meal. Our great canning business amounting to half a billion dollars per year is a development of our genius for conquering space and time. A can of food represents a reservoir of pooled effort upon which the individual may draw.

As of light and heat, so of power. We contrive to load some of the energy of cold falling waters upon a slender wire and cause it to glow in a reading lamp at our elbow or operate a delicate drill in a dentist's office some hundreds of miles away. Rapid individual transportation for the millions with the protagonist in the epic the richest man in the world with his name like to outlive that of Julius Caesar. We move fast and travel faster and it is as difficult to establish equilibrium as it is to deal with quick silver.

The pulse of western civilization beats higher, rivalries are keener, the pace quicker, with American business constantly adjusting itself to meet the changing world. Time which is nothing to the Oriental grows more precious just as manners grow worse as we travel from the east to the west. Ceremonial politeness takes time. We have not the time for the palaver, the genuflections, the exchange of compliments. We are no match for the Oriental or indeed for the European when it comes to ceremonial politeness.

So it is that we strike out along bold and original lines under the stimulus of our own pioneering character and genius. We have become the greatest business people of the world chiefly because of our passion for doing things quicker and better than they have been done before.

I have been trying to convey a hint as to what underlies American business in order to gain a perspective as to what underlies foreign trade. If we are impatient with time and succeed by short-cuts, how are we to deal with people who conduct business on the principle of leisureliness rather than the principle of abbreviation. We have succeeded mightily in domestic business because we have cut loose from traditions, prejudices and immemorial customs and struck out along bold and original lines in the spirit of the pioneer and adventurer. The hidebound conservative in our civilization of flux and change is up against the restless, impatient, inventive spirit of our age.

#### *The Power of Tradition*

How about doing business with people who, so to say, have stuck in their tracks, whose lives from the cradle to the grave are regulated in the minutest detail by custom and tradition? The power of the past over men's minds in the older countries of the world—the thing is difficult for Americans to appraise correctly. There is something in the combined wills of men who have gone before—the thing we call the past—which holds living men to old grooves of thinking and acting. Customs are stronger than statutes. A state of mind may prove a more unyielding obstacle to trade than a tariff barrier.

The British go down into India and with a wealth of capital and engineering skill set up all the modern machinery of broad scale irrigation. So hard is it for the native to think except in terms of consecrated custom that this modern irrigation system is administered under minute rules supposed to have been prescribed by divine law gives some thousands of years ago.

Why are cheap automobiles hard to sell in France? We have a pleasure car in

the United States for every seven inhabitants while in France one to every 112 persons. We have an explanation in contrasting states of mind. Two years ago last August, the writer sat gossiping with a prosperous French peasant in the great grain growing region some forty miles southwest of Paris. We were received in the kitchen, the parlor, so called, being reserved exclusively for weddings and funerals. The open door gave on a courtyard in which animals roamed. Ten feet away a huge pile of manure steamed away in a reservoir hollowed out for it. Screen doors were unheard of. Flies streamed in—heavy flies, abundant flies. Discomfort on every hand.

"Business is rotten," complained the old man. "We are crushed by taxation, ruined by the war. The Germans have laid our country waste and now they won't pay us. It is nothing but work, work, work and no pleasure in life."

"Do you often get over to Fontainebleau to see the sights?"

"Alas, the distance 18 kilometers prevents."

"Why not buy a cheap automobile?"

"The expense would be insupportable."

We were consumed with pity for the old man until an agent of the International Harvester Company informed us that this French farmer owned 300 acres of fine wheat land, had increased his holdings since the war by fifty per cent and enjoyed a credit rating of \$200,000. But here was a state of mind based on ingrained frugal habits and dominated by a rain and taxation complex.

#### *"To Steal" and "To Come"*

A Polish guide reverentially showing us about a wonderful old palace in Warsaw pointed to a blank space on the wall in the great reception hall.

"The beautiful picture which hung there was stolen from us by the infernal Russians but this fine Oriental rug which you observe on the floor recently came to us from the former German Emperor's palace in Posen."

"You say the picture was stolen from you and that the rug came to you. Tell us exactly how it came. Did it walk, or was it borne by the winds of heaven?"

The subtle distinction between the verbs "to steal" and "to come" turned upon the point as to whether one is the loser or the gainer in the transaction involving the compulsory change in the ownership of goods.

People down in Belgrade, the Serbian capitol, will tell you with a slight touch of egotism, that the Great War originated in a local controversy over hogs. Serbia in the one country in Europe where corn in the principal cereal crop and acorns and beech nuts in the vast forest of the country furnish excellent forage for hogs. The foundation of the fortunes of the present Serbian royal house was built upon the hog industry. Now in 1905 at the instance of the Hungarian estate owners, the Austro-Hungarian government legislated Serbian hog products out of the country nor could Serbia ship her hog products across Austria-Hungary into Germany. All this produced acute irritation and led up to the murder of the Archduke Franz Ferdinand in the streets of Sarajevo. This in turn was the spark that fired the explosion. Here we have deep rooted national antagonisms as artificial obstacles to international trade.

At one time shortly after the armistice Austria was buying wheat in the Chicago market against the most adverse exchange in the world and at a distance of 5,000

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# Credit Insurance and The Credit Man

CREDIT insurance is not a substitute for a credit man.

THE credit man controls the extension of credits. Credit insurance underwrites his decisions and guarantees his judgments.

THE National Surety Company does not seek for policy-holders any houses without credit men. With a credit man bad debt losses are less than without a credit man. The services of a credit man offer the best assurance that such losses will be held within reasonable bounds.

THE lower the loss record of a merchant the lower the rate for credit insurance. The credit man is responsible for keeping that record low.

NO wise merchant would do without a credit man because he took out credit insurance any more than he would dispense with a night watchman because he carried fire and burglary insurance.

THE credit man is helped, not hurt, by the support of credit insurance. The credit man still has the same incentive for making a good record. Every dollar by which he is able to hold losses below the normal inherent in his business accrues directly to the profits of that business.

CREDIT insurance aids the credit man by relieving him of worry and enabling him to concentrate his best efforts on making a good record.

A National Policy of Credit Insurance places behind the accounts which he approves the guarantee of the world's largest surety company to prevent, else pay bad debt losses in excess of normal.

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miles when both Hungary and Yugoslavia just beyond the invisible line called the frontier, had a surplus of wheat. Exactly the same thing was true of sugar. Austria was buying sugar in the New York market when Bohemia, the nucleus of the new Czechoslovakian republic just across the Danube, was offering sugar for export in the world markets.

These states of mind all go to make up what I call the invisible influences in international trade. Beyond all this, trade under the system of modern exchanges shapes itself to invisibles. Take our trade with Italy, for example. We ship quantities of wheat, pork products and raw cotton to Italy but an enormous volume of our trade with Italy takes the form of imponderables. The cash expended by American tourists who visit Italy every year together with the cash remittances of Italian nationals living in

this country run into some hundreds of millions of dollars annually. This constitutes a heavy invisible export. We say of Italy as of certain western mining settlements, "The outside money makes the camp."

#### Invisible Exports

Labor constitutes a huge invisible export from Italy. Be it remembered that nature has dealt with Italy in niggard fashion. No abundant native wealth either upon the surface of the soil or beneath it. Italy produces no raw cotton, no petroleum, no copper. Iron resources are almost entirely limited to the meager output of the island of Elba. Her scanty forests have been cut to pieces. The country is without navigable rivers. The adjacent seas have been fished out. Not a pound of good steam coal has ever been discovered in the kingdom. The com-

modity of which Italy possesses the greatest surplus is human labor. Our raw cotton, for example, is converted into fine yarns by Italian cheap labor. These cotton yarns are exported to various parts of the world, a transaction really representing an invisible export of labor.

Be it further understood that much of the foreign commerce of the world is triangular in its character. For example, sewing machines and typewriters which we sell in Buenos Aires are conveniently paid for out of credits established in London by Argentine exporters of beef and grain, the ultimate settlement being against New York bills drawn on London for exports to Liverpool of American wheat and raw cotton. The bills of exchange which I have just mentioned recall the persecution of the Jews in the Dark Ages and their art of making wealth invisible and transporting it from one place to another unperceived. Every check drawn represents a more or less invisible transfer of wealth, goods or services.

The fundamental differences in soil, climate and human taste roughly determine the ceaseless interchange of international trade. Climate tends to rather sharply define the areas of human wants. We know that the Fiji Islander has no more use for a warming pan than the Laplander has for an ice cream freezer. As factors in the equation we have two major constants, climate and soil, and one major variable, human taste. Taste is a thing that may be educated. It is volatile. It shifts and changes as does quick-silver.

I noticed the other day from the window of an express train a great structure of brick, glass and steel girders, crammed with machinery. This great material work of men's hands has been given over to rust, decay and idleness. It had sprung up in obedience to the demands for corsets. The old fashioned corset having now fallen into disesteem by the new fashioned woman, this great industry is laid in ruins. And so of the New England cotton textile industry in the section devoted to the manufacture of voile and gingham. We are informed that it once took as many as eight yards of gingham to make a dress and that a girl today can make a gingham dress out of 3½ yards of material and get by with it. I hear people in the piano trade complain that their business is up against changes in popular taste. The rage for outdoor amusements, moving pictures, competing music drawn from reservoirs of pooled effort such as the radio and the phonograph. Above all the change in urban living from the horizontal to the vertical plan, the restricted limits of the modern apartment being adverse to the use of grand pianos.

#### Inter-Relations

You have only to project these recognized influences in domestic trade to the broader field of international exchange. In 1921 when the Bradford wool buyers intimidated by the release of government stocks withdrew from the market, there was not a lonely sheep herder on the plains of New Zealand or the ranches of Argentina who did not feel the pinch of hard times. Nor is there a Laplander in his wretched igloo within the Arctic circle who does not feel the influence of changing fur fashions in the markets of London, Paris or New York.

Some years ago on the spot I made inquiry as to rose growing about Kazanlik in the Balkan Mountains sixty miles from the nearest railroad. I found that these

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rose growers who for generations had made a fair living out of the cultivation of hundred leaf roses were in sore distress. These roses when distilled into perfume have long been an article of international commerce. The perfume industry centers in Paris. Paris having lost one of its principal perfumery markets in Russia, had cut down the purchase of Bulgarian attar of rose.

What I am getting at is this—that the prime essential of foreign trade is to discover what the customer wants. This discovery means an understanding of his traditions, tastes and racial psychology. We can get this understanding no better than by imitating the most successful of our foreign trade competitors. The English know what they are about when it comes to dealing with the alien peoples of this planet. They have been in this business for about 500 years and have built into their foreign trade structure an amazing technique in banking, insurance and shipping services. Most important of all is the personal equation. Britain is first of all an island kingdom with a population which for generations has outrun its native food resources. From necessity rather than choice England throws off an outer rim of superfluous population. These strong young men go to the far ends of the earth, not as pinch hitters, but as permanent trade agents. They establish golf clubs, breed dogs, show the natives how to mix drinks. In other words, they settle down among alien peoples and become intimately acquainted with them. In this manner they establish credit ratings just as you would establish the ratings of a neighbor around the corner. They make a close study of the alien peoples among whom they live and they have a care to respect their prejudices, sympathies and antipathies.

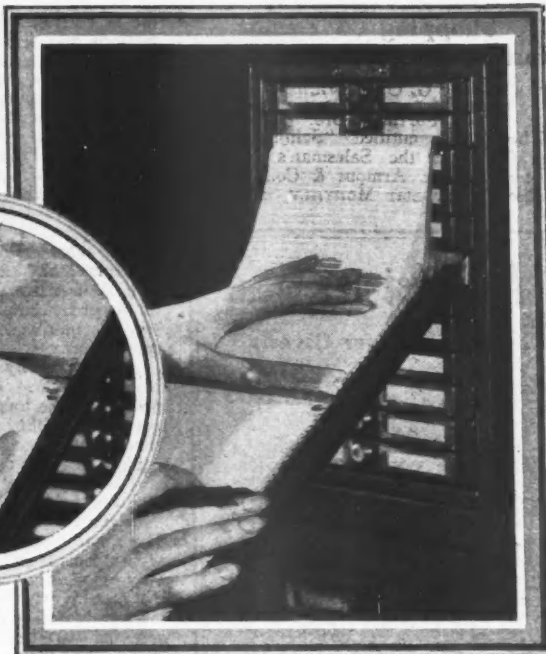
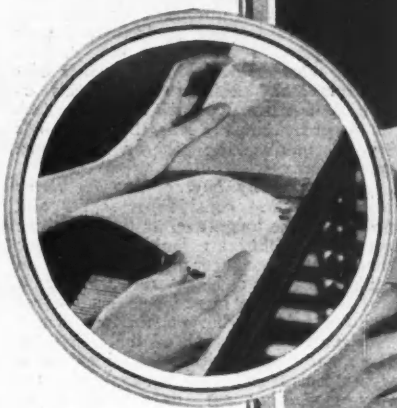
#### What He Wants

Study the foreign customer and give him what he really wants, not what you think he wants. A London friend of mine coming up on a British steamer from a West African port fell in with a German trader. "My business," remarked the German proudly, "is selling stinking perfumery to the naked savages of the world. It is prospering because I have discovered that the ranker the stuff smells, the better my customers like it and the cheaper I can produce it."

As yet we are under no necessity for throwing off an outer rim of population and thus competing on even terms with the British or Germans in securing foreign trade through establishing permanent personal contacts. We enjoy a clear superiority, however, in our genius for conquering time and space. We are building time and labor-saving machines for the world. We are offsetting the trade handicaps of high wages, long distance negotiation, foreign language, imperfect knowledge of the foreign customer's psychology by American manufacturing genius.

As a result of our technique of mass production, of pooled energies, we sprinkle with our motor cars foreign highways, install our typewriters and adding machines in foreign counting rooms and place our sewing machines, phonographs, radio sets in foreign homes. We can do this first, because of the superior efficiency of the American workman; second, because we can recoup our losses in high wages through the economies of mass production and third, because our mechanical and inventive genius is always adding new values and refinements to the products of American industry.

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(Inset) in 2 seconds you can remove or replace any card in this perfected visible record file. A new standard of speed in visible record filing.



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**T**IMED by stop watches, the L.B. Speedac sets these new standards of speed in visible record filing:

In 4 seconds you can locate any business fact housed in the L.B. Speedac. The perfect and permanent visibility of every card makes this possible.

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# Library Bureau

Founded 1876

L. B. CARD LEDGERS • THE CHOICE OF AMERICAN BUSINESS

## Shopping on Terms Instead of Quality and Price

By G. O. HAMILTON  
Gray, McLean & Percy Inc.,  
Portland, Ore.

The article entitled "Selling Terms and Goods is the Salesman's Job" by Frank D. Rock, Armour & Co., Denver, in the June CREDIT MONTHLY, is one of

the best articles I have ever read on collections and selling terms with regard to the salesman. I certainly believe that the writer of this article has struck the keynote in stopping failures in territories that are somewhat precarious.

There is a world of truth in the assertion that "the star collectors are the star salesmen"; this certainly has been proved so, with salesmen for our firm, who sell bakers' and confectioners' tools and supplies, soda fountains, etc. A third of our sales are made on conditional sales contracts; and, although Mr. Rock's article deals more with raw materials, such as his great company sells, the same holds true of merchandise sold on conditional sales contracts.

A great many buyers shop on terms instead of first considering quality and price, and the longest terms that they can get is what they are looking for. Nine times out of ten such cases result in equipment either being returned or a forced sale made in order to get the remaining balance due on the contract.

In the last paragraph of the article, he says that "each sale is classified as a separate contract", and that certainly is a very good argument for a salesman to make his customers when asking for money due at maturity. Many salesmen are led to believe, when asking for money, that they are offending a customer and will lose him, when the fact is that they are only asking the party of the second part to complete his contract; and salesmen should be at all times as ready to insist upon the completion of a contract as to start one.

### This Sounds Like an Advertisement Because It Is One

I COULDN'T do my job intelligently without the Credit Man's Diary and Manual of Commercial Laws," said a prominent Credit Man the other day. "I can't afford to go to my lawyer on every little problem that arises, and yet I can't afford to go by 'hunches.' It's a matter of education and general information and I consider it my duty to be informed."

"Well, how do you use it," asked the

Doubting Thomas, "I can't read it through. It is too long and too dry and I can't remember it all. What use do you find for it practically?"

The P. C. M. picked up a pile of memos from the back of his desk. "For instance," he said, "here is how I work: A customer out in Kansas sent me in a post-dated check and ordered some more goods at the same time. I accepted the check and it went bad. I had a hunch it would, but I didn't care much. The man was a bad actor and I had tried to collect for months. The Diary says that the highest court in Kansas has held that post-dated checks are within the Bad Check Law if given with criminal intent. Well, I wrote to this fellow and told him that I would give him five days to make that check good and in the meantime I held up his new order. Here is the result,"—and the P. C. M. displayed a United States money order for the full amount of the bill.

"But," said the D. T., "anybody knows it is a crime to give a bad check. I don't have to have a Diary for that."

"And there's where you're all wrong, my friend," was the answer, "because there are checks, and post-dated checks, and checks given in payment of past due accounts, and some are within the laws and some aren't, and when I write letters about such things, I like to feel that I am on safe ground and know what I am talking about."

"All right, you win on that one," replied the D. T. "Now, tell me this: I've got a judgment against a fellow in Oklahoma. He has moved since to Texas. It cost me a lot of money for witness fees and depositions to get the judgment in the first place. Is that judgment any good in Texas? Does your Diary answer that?"

The P. C. M. opened his Diary to page 413. "It does," he replied. "Here is your answer and it reads as simple as the A. B. C.'s. You can sue on the Oklahoma judgment in any other state."

"How about this one? I read in the paper somewhere that some corporation got thrown out of court because it was doing business in New York. Does the Diary say anything about that?"

"Rights of Foreign Corporations,—what Constitutes doing Business.' Here are a dozen pages on that very subject." The P. C. M. was getting enthusiastic.

"Now look here, old man," he said, "I want to show you something real," and he turned to the back of the well-thumbed book to a page headed "Reader's Guide." "Do you see that?—'When I receive the Order,' 'When I am Checking the Credit,' and so on right straight through even to sending the crooks to jail. It tells you what to look out for, what security you can get, how to sell, and everything else that has any law mixed up in it. I've almost memorized that dope and I keep it in front of me all the time to be sure I don't forget some legal point that might set the company back for a bad loss. Look at it. If you ever thought of half the stuff that Guide brings up I'll hand you a leather medal."

The D. T., convinced, signed the coupon that the P. C. M. placed under his hand, sent it to the National Association of Credit Men, 41 Park Row, N. Y.,—and lived happily ever after.—Adv.

## At Christmas Time

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## A New Book on Laws and Decisions of SALES IN BULK

*By W. Randolph Montgomery, Counsel, N. A. C. M.*

THE BULK SALES STATUTES are not designed to prevent a merchant from selling his stock of merchandise and fixtures to another, but only to require that the intention to make such a sale shall be made known in time to give the creditors of the seller ample opportunity to protect their interests.

In most of the States such notice must be given personally or by registered mail, but in some States it is only necessary that notice of the intended transfer be recorded.

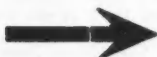
Therefore, it is highly important that every Credit Manager should be familiar with not only the laws and decisions of his own State, but those of all the States in which he does business.

It is a compact and handy volume. It contains a copy of the Bulk Sales Laws of the 48 States and of the District of Columbia. It also gives the decisions which best elucidate the laws. The book is ready for immediate delivery.

### THE AUTHOR

The Bulk Sales Law was put on the Statute books of the various States through the activities of the National Association of Credit Men, and no one is better qualified to write a book on this subject than its author, W. Randolph Montgomery, who has been the legal counsel of the National Association of Credit Men for many years

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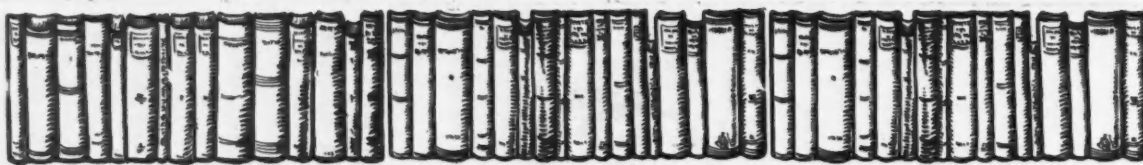
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# The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

## The Cost Man's Burden

**COST ACCOUNTING.** W. B. Lawrence, C.P.A. Prentice-Hall, Inc., N. Y. 1925. 544 pp. \$6.

When the publishers of a new book on cost accounting give you their word that the volume is "inspirational," you just have to dig into the thing and see "how come." Having dug, the reviewer comes up to report that Mr. Lawrence has produced a book that is as near to inspirational as a work on cost accounting can ever be. It will undoubtedly help cost accountants to do their work more effectively, and laymen to understand better than they have heretofore what the cost accountants are shooting at.

Mr. Lawrence properly takes the attitude that cost accounting is primarily an accounting function. He sees that while the work of the cost accountant impinges on the fields of management and of industrial engineering, it does not and should not crowd out of those fields the men who have been trained to cultivate them and who have been made responsible for producing in them profitable crops. Emphasis in this book is, therefore, placed on accounting procedure, and economic aspects are given secondary consideration.

Details of estimating and of specific cost systems are given in unusual detail. Control accounts are fully discussed and their importance is stressed. Manufacturing expenses are considered first in their simpler aspects, after which the more complicated phases are developed in logical successive steps.

The author's treatment of selling and administrative expenses will be of interest to sales managers and other executives who are not directly responsible for cost accounting procedure. Mr. Lawrence shows that the responsibility for losses and inefficiency does not always rest with the department whose costs are highest.

A considerable amount of material from a fresh point of view is embodied in the chapters on "The Advantages of Cost Accounting for Auditing" and "The Legal Phases of Cost Accounting."

The text is accompanied by a considerable amount of what teachers in com-

mercial subjects are accustomed to call "practical work." This consists of review questions on each chapter, a selection of problems, and instructions for writing up a practice set of cost books. Some of the problems are intended to illustrate the practical application of methods discussed in the text, while others are designed to develop the analytical ability which is so desirable in cost work.

The book is well printed, durably bound, and illustrated by a large number of charts, tables, and cost accounting forms.

versation and public speech. Mr. Uhler developed the chapters dealing with spelling, punctuation, letters, telegrams, advertisements, pronunciation, and the conduct of meetings. One chapter,—that on sentences,—was written jointly.

With a multiplicity of texts in this field, it is difficult to say anything essentially new on Business English. All that the oncoming authors can do is to hope to show some originality in the handling and arrangement of material and some enterprise in identifying and interpreting the most recent tendencies in business letter construction. These things Dr. French and Mr. Uhler have certainly done.

"English in Business has three well defined objectives. The first is to review the essential principles of grammar and rhetorical usage for the benefit of those who are required to write business letters, reports or advertising copy; the second, to discuss in detail the various special forms of business writing; the third, to stress the importance of effective spoken English.

In a book which is comparatively small but nevertheless English, one would naturally not expect detailed treatment of such a specialized form of business correspondence as credit and collection letters. Dr. French and Mr. Uhler have made good use, however, of the space allotted to this subject. The principles enunciated are sound, "if not startling, and the various stages of collection correspondence from the first notice up to the final "attorney letter" are indicated with clearness and a wholesome economy of words.

\* \* \*

## Talks on Business Letters

**BUSINESS LETTERS MADE EASY.** Paul W. Kearney. Edward J. Clode, N. Y. 1925. 297 pp. \$1.

The caption selected for this review was chosen advisedly. Mr. Kearney's style is 100 per cent conversational, which gives the author a decided advantage over other writers on this subject who have thought it necessary to use a sledgehammer where a fly-spat would have been more appropriate.



THE DEPARTMENT OF EDUCATION AND RESEARCH  
BERNARD BROUDY, B.A., M.B.A. FRANK A. FALL, B.A., M.A., LITT.D.  
MARJORIE CLARK, B.A.

## New Business English Text

**ENGLISH IN BUSINESS.** John C. French and John E. Uhler. McGraw-Hill Book Co., Inc., N. Y. 1925. 311 pp. \$2.

Score another point for Baltimore. This compact and well-planned manual of Business English is a Johns Hopkins University product, representing the teamwork of the collegiate Professor of English in that institution and an Instructor in the English Department.

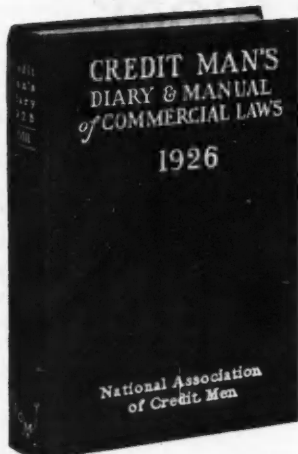
S. Roland Hall's "Handbook of Business Correspondence," from the press of the same publishers, has found its way to the desks and bookcases of a great many business executives. This new volume will be welcomed by those whose requirements call for a much shorter work, at a considerably lower price. (The "Handbook" has three times as many pages and costs 2½ times as much.)

In the general plan of the work the collaborators have shared equally. Dr. French was chiefly responsible for the chapters on grammar, idiom, words, paragraphs, the organization of material, con-

## MILLIONS LOST ANNUALLY THROUGH NON-CONFORMANCE WITH THE LAW

HAVE YOU EVER STOPPED TO THINK how great are the losses sustained in credit granting by failure to conform with the requirements of the law?

The thought upon which the "Credit Man's Diary and Manual of Commercial Laws" was conceived and published is, that the credit man is always **IN THE MIDST OF THE LAW**, his every act of omission and commission having legal significance. If this truth be disregarded the result will be waste of time and money. This possible waste can be avoided if the credit man will consult this Manual when uncertain of the law applying to a credit problem he has under consideration.



One of the most significant definitions of credit is that ancient one "CREDIT IS A RIGHT OF ACTION," by which is meant that the principles in business transactions have been set forth in decisions by the courts in tens of hundreds of thousands of cases in which almost every conceivable combination of circumstances surrounding transactions have been resolved judicially.

The "Credit Man's Diary and Manual of Commercial Laws" gathers in the very essence of these decisions and the statutory laws which have been passed upon these decisions, and presents them understandingly within its 544 pages.

The regular price of the book is \$4.00, but **ADVANCE ORDERS** will be accepted at \$3.50 per copy, delivered. The book can be had on five days' approval if desired and so noted on order.

**NATIONAL ASSOCIATION OF CREDIT MEN**  
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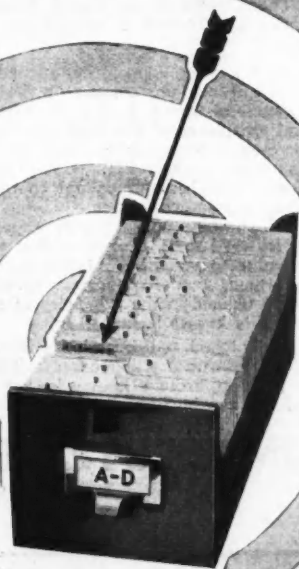
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**SHAW-WALKER**

MUSKEGON, MICHIGAN

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# THERE IS NO SUBSTITUTE FOR EDUCATION— NO ROYAL ROAD TO PROGRESS— NO PATH TO ADVANCEMENT BUT TRAINING FOR CREDIT WORK

**Progress** for the man or woman in business is marked by milestones in the form of increased responsibilities and better compensation. These evidences of advancement are won partly on the basis of experience, but they depend essentially on a far more important factor,—systematic education in the established principles which underlie sound business practice.

The purpose of the National Institute of Credit is to provide, at the lowest possible cost to the student, educational training which will make advancement in business not a possibility but a certainty. In the credit field, the Institute aims specifically to qualify its students, whether beginners, credit men, credit managers or credit executives, to move up to the position which is immediately ahead of them and which represents the next logical step in their advancement.

**The Institute** is a Department of the National Association of Credit Men. Its educational work is carried on through two main channels—class-room courses offered under the auspices of local credit associations in a number of cities, and correspondence courses conducted from the National Office at 41 Park Row, New York City.

Prospective students who are within traveling distance of one of the classroom courses should, if possible, carry on their study in this way. By so doing they will get the advantage of personal contact with the instructor and opportunity for exchange of opinion and experience with other students.

Those who are not able to attend classroom courses should arrange to take the correspondence work.

**Correspondence Courses** now offered by the National Institute of Credit are two: Credits and Collections, and Basic Economics. The material in each course consists of a text book, printed lecture assignments, and problems to be solved and sent to the Director of the Institute for correction and grading, after which they are returned to the student with grade and comments.

The text in the Credits and Collections course is "Credits and Collections," by David E. Golieb and Richard P. Ettinger, published by Prentice-Hall, Inc. In connection with this course there are five problems.

In the Basic Economics course the text is Henry Clay's "Economics for the General Reader" (the American edition, edited by Professor Eugene E. Agger, of Columbia University).

Correspondence courses in Business English and Accounting are being planned and will be announced as soon as they are ready.

Meanwhile a number of students are continuing their work toward the Institute's certificates by taking correspondence courses offered by educational institutions such as Columbia University and the University of Wisconsin.

DR. FRANK A. FALL,  
NATIONAL INSTITUTE  
OF CREDIT, DEPT. 11,  
41 Park Row,  
New York City.

Will you kindly mail me information concerning the following courses: (Check course desired)

"Basic Economics" ( )  
"Credits and Collections" ( )

Name.....

City.....State.....

Street.....

\*irm.....

**Certificates** The National Institute of Credit gives two Certificates, the Junior and the Senior Certificate. The Junior Certificate is awarded to students who have completed the following 300 hours of work:

Credits and Collections .....	60 hours
Economics .....	60 hours
Business English .....	60 hours
Accounting .....	60 hours
Law of Contracts, or Corporation Finance and Investment Credit .....	60 hours

Total .....300 hours

The Senior Certificate is awarded to students who have completed the work prescribed for the Junior Certificate and 300 additional hours (a total, therefore, of 600 hours) in the following subjects:

Law of Contracts, or Corporation Finance and Investment Credit .....	60 hours
Principles of Business .....	30 hours
Merchandising .....	30 hours
Money and Banking .....	30 hours
Business Barometrics .....	30 hours
Business Law of Bankruptcy .....	30 hours
Negotiable Instruments .....	30 hours
Foreign Trade and Foreign Credit .....	30 hours
Credit Research .....	30 hours

Total .....300 hours

**Associates and Fellows in Credit.** Students who have been awarded the Junior Certificate and who have had three years of practical credit experience become Associates of the National Institute of Credit. Students who have been awarded the Senior Certificate and who have had five years of practical credit experience become (provided they are at least 25 years of age) Fellows of the National Institute of Credit.

**Organization.** The educational work of the Institute is under the direction of the Director of Education, aided by a Supervisory Committee, composed of a board of three business educators and three experienced credit men. The Committee on Credit Education of the National Association co-operates in establishing and maintaining local chapters.

**Today** is not too soon to get started on an Institute course. Fill out the coupon at the lower left-hand corner of this page and send it at once. By return mail you will receive a general prospectus of the Institute, special bulletins describing the correspondence courses, and registration blanks. The courses are \$15 each or \$25, if taken together. This is at cost. The aim of the Institute is not to make profits but to help to produce better credit men.

Even if you are not definitely engaged in credit work, or looking forward to it, remember that these courses will be of distinct value to you in any business. When new policies are to be formed, modern business turns to the man who is thoroughly trained in the principles of credit, for the man who knows credits knows business.

Mail the coupon today, and the Institute will give you full information concerning the courses. Then let the Institute help you to get a thorough knowledge of credit—the foundation stone of modern business.

**NATIONAL INSTITUTE OF CREDIT**  
41 Park Row  
New York City

*Systematic Training Means Steady Advancement*

Another engaging feature of Mr. Kearney's book is the complete frankness with which he introduces his modest section on credit and collection letters. The subject of credit and collection letters, he says on page 184, has not been gone into very thoroughly in this book simply because it is impossible to do justice to this particular phase of letter writing in a work on correspondence.

Credits and Collections, Mr. Kearney continues, constitute just as separate and distinct a department of business as does the correspondence division. The fundamental groundwork must be a thorough knowledge of the credit man's job, and to impart that would require a book twice this size. Yes, Mr. Kearney, and then some.

As to the letters themselves, they are not particularly inspired. Neither are they as banal as some we have had to read, written evidently by the author's left hand while his right was busy inditing sales epistles.

One reason this book is being reviewed is that the Department likes to encourage any publisher who attempts to get out a series of useful books to retail at one dollar each.

Credit managers may not, and probably will not, fall over each other in racing to buy this book. But credit managers are men (unless they are women, in which case this argument is even stronger) and if they don't feel a consuming need for "Business Letters Made Easy," they may have their choice, at the same price, of "Social Letters Made Easy," "Tricks and Magic Made Easy," or, most wonderful thought of all, "Love Letters Made Easy."

Thus, Mr. Clode, do we co-operate with your sales department. And to show you that we do not mean to make a joke of Mr. Kearney's breezy little book, we will give you the platform long enough to say that you regard this as a comprehensive, complete, simple, non-technical volume, giving full details and instructions on the essentials of good taste in business letter writing; covering the fundamental principles of punctuation, abbreviations, and forms of address, and giving examples of letters for all kinds of business, professional and commercial, including banking.

### Applied Sociology

**SOCIAL PROBLEMS AND EDUCATION.** Ernest R. Groves. Longmans, Green and Co., N. Y. 1925. 458 pp. \$2.75.

The outstanding characteristic of this book is its complete articulation with conditions as they actually exist in this year of grace, 1925. Books on sociology generally smack of the library. Writers in this field fill themselves full of what this authority or that has written, and then spin the material out with a few changes of verbiage but no admixture of new ideas.

Professor Groves uses a different method. He is thoroughly familiar with the literature of his subject, which is voluminous, but he does not allow that fact to cramp his style. Instead of dusty tomes, he consults the latest reports of associations, societies, boards and officials having responsibility for that part of the population which is physically, mentally or morally sick.

The result is a volume which is worth the careful study of all, including members of the credit fraternity, who have a real desire to exercise intelligently the duties and privileges of good citizenship.

The author's tie-up of sociology and education is admirable. Fortunately for human welfare, he says, the underlying

motive of public education has begun, in our time, to receive the attention it deserves from those who administer our schools. Education has assumed the task of socializing human nature so that the interests of society may be preserved, and if possible advanced.

Just how education is tackling this difficult and complicated task is indicated by the sequence of problems outlined by Professor Groves in this book. Starting with juvenile delinquency, crime and penal reform, mental disease and mental hygiene he generalizes on the modern conditions which influence family life, giving a special chapter to divorce and family responsibility, and another to the puzzling but vitally important subject of the unmarried mother.

He then proceeds to a sympathetic discussion of settlements, the city neighborhood, and problems of broad and deep significance such as public health, social hygiene, immigration and race friction.

Special chapters on rural life, public opinion and social unrest complete the main portion of the book, which is rounded out by a list of topics for discussion, copious references and an adequate index.

The reference section is particularly complete, and there is one feature of it which other publishers might copy with benefit to their readers. As a suggestion for those who desire to purchase books for their own libraries, one reference on each chapter is given emphasis by the words "especially recommended."

\*\*\*

### Analysis of Securities

**PRINCIPLES OF INVESTMENT.** A. M. Sakolski. Ronald Press Co., N. Y. 1925. 505 pp. \$4.50.

Credit executives may be interested in investment analysis from either or both of two points of view. They may be required, in inspecting statements of condition, to pass upon investment items on the asset side of the balance sheet. Or they may be so fortunate as to be interested in investment from the personal viewpoint and therefore desirous of understanding the basic principles of investment credit.

In either case the credit man will find in this new volume bearing the Ronald imprint the seasoned conclusions of a veteran in the investment field. Dr. Sakolski is connected with the firm of Paine, Weber & Co., New York, as investment analyst. He is also Lecturer on investments in the New York University School of Commerce, Accounts and Finance.

Reliable data bearing on investment principles and policies have never been needed more than today, when millions of men and women as well as business, educational and philanthropic organizations of all kinds and of every size are included in the roll-call of the investing public.

A number of important developments have combined to produce this immense army of investors. Among them are the phenomenal distribution of Liberty bonds and other government pledges during and after the war; a multiplicity of carefully planned and cleverly executed thrift campaigns; the flowering of the investment trust idea and the development of customer and employee stock ownership plans.

That these myriad investors need education in the established principles of sound investment is clearly evidenced by the stupendous amounts they allow to slip through their fingers each year into the pockets of crooks who masquerade as

## Credit — and Modern Business

AS every credit man knows, fully 85 per cent of all wholesale and retail business today is done on credit. At the same time, the huge annual losses on credit extensions emphasize all too plainly the fact that credit practice has not received anything like the intensive study given to the improvement of production and selling methods.

## Credit Management

By E. E. OLSON and J. W. HALLMAN presents, in a form that you can use, the methods and practices worked out by credit men whose success has been notable. It assigns to the credit man the important position which, by the essential nature of his work, he should occupy in the business organization. Its clear explanations prepare you to solve credit problems as they arise through knowledge of the fundamental principles that underlie them.

### Takes the Credit Man's Viewpoint

The point of view throughout is that of the credit manager—the executive responsible for credit decisions and for the organization of the credit department. The volume definitely helps you to get the broad understanding of the credit structure which you must have to conduct properly the numerous details of credit transactions. With this as a background, it explains in a thorough way the organization, personnel, and procedure of a credit department. It brings out clearly the essential tie-up between the operations of this and other departments.

### Five Valuable Sections

The wide experience of the authors in training others for credit work has enabled them to arrange the material on natural, easily followed lines and to present it simply and clearly. The five main divisions deal with:

- I. Credit Bases and Instruments
- II. Credit Information and Its Analysis
- III. The Credit Department
- IV. Completing the Credit Transaction
- V. Credit Problems in Special Fields

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"stock brokers" and "investment specialists." The annual toll of spurious investment securities is so enormous that statisticians hesitate to put it on paper, for fear that they will be sent to the psychopathic ward for investigation.

As the number of investors has increased, so also has the number of seekers for investment loans. The public offering securities is, as Dr. Sakolski demonstrates, no longer limited to those of a few governments and large railroad corporations, but all classes and kinds of civil organizations and business enterprises now make appeals for investment funds.

It is therefore fitting that there should be a new presentation, in non-technical terms, of the principles which all investors must master if they are to conserve their resources and add to them. Such a presentation is found in this book, which gives the fruits of the author's many years of experience as an investment analyst and an instructor in the subject of principles of investment.

The first part of the volume gives a general survey of the investment field. Part II concerns commercial and real estate loans; Part III loans of the national, state and municipal governments; Part IV corporation securities, including the railroad issues, public utilities and industrial. The Appendix presents selected sources of bond investment information; the listing requirements of the New York Stock Exchange; an analysis of State laws concerning investment by savings banks in railroad securities; and a number of problems and questions which will be useful wherever the book is used as a text in schools of commerce and colleges of business administration.

Bibliographical references at the end of each chapter give suggestions for collateral reading which will be of distinct value to users of the book who wish to dig more deeply into any particular investment problem.

#### From the Buyer's Viewpoint

EVERYMAN'S INSURANCE. Frazer Hood, Ph.D. D. Appleton and Co., New York. 1925. 264 pp. \$1.50.

A better prize than the brown derby or the tissue-paper coal-scuttle should be given to the originator of the idea of this book. That may have been the author, or the publisher, or some unidentified benefactor of the race, but whoever it is, he should receive his reward.

There has been no lack of books on insurance. On the contrary, they have been coming thick and fast during the past decade. But they have been written for the insurance solicitor, or the general agent or branch manager, or the actuary, or the teacher of insurance courses,—for everybody, in short, except the millions of people whose hardearned dollars make riskbearing a profitable business.

Dr. Frazer Hood, professor of psychology in Davidson College, does well to come to the rescue of the insurance buyer with a book which explains insurance for everyone. Technicalities have been either eliminated or clearly explained. Difficult processes, such as the calculation of premiums, are made clear. Concrete examples are used throughout, and the book is therefore interesting and readable.

The entire field of insurance is covered. Dr. Frazer takes up first the social, economic and mathematical significance of insurance. He then marks the field off into sections, treating successively the life, fire and marine, casualty and miscellaneous forms. The explanation of the principles involved is followed by description of the different uses to which each type may be put.

The section on life insurance is the one which will doubtless be of interest to the greatest number of people. Dr. Frazer discusses the nature and principles of life insurance, the various types of policies and the family and business uses of this form of protection. Group, industrial and disability insurance are fully treated.

Under "Fire and Marine Insurance" the author takes up general principles, rates and policy, contracts, with special chapters covering insurance organization and marine insurance.

Part III on "Miscellaneous Forms" is concerned with liability and workmen's compensation, and property insurance in its varying aspects. Here the reader will find briefly but adequately treated such matters as insurance against burglary and theft, explosions, windstorms, tornados, hail, earthquakes, rain, sprinkler leakage, breakage of plate glass, riots, and "civil commotions."

Heretofore insurance has been provided against every known danger except that of unintelligent investment in insurance. Thanks to Dr. Frazer and his publishers, this last hole in the dike has been successfully plugged up.

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JANUARY 1st, 1925

Assets as of January 1st, 1925	- - -	\$60,654,703.06
Capital	- - -	3,500,000.00
Surplus	- - -	19,810,623.92
All other Liabilities	- - -	37,344,079.14

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G. C. Owens, Asst. Secretary  
M. J. Volkman, Local Secretary

## One Shoe at a Time!

(Continued from page 9)

came panic-stricken. Bankruptcy proceedings followed, and the department store proprietor disappeared from the community, untouched by the law.

Ben was amazed. But Schwartz explained the situation one evening as the two sat in the rear of the store at a game of pinochle.

"It's a shame," John Schwartz began, "the way the *Star* drove that fellow out of business. If he hadn't been yellow, he would have seen the libel case straight through, and set the editor back a few hundred thousand dollars."

"Yes, John," Ben pointed out, "but perhaps the fellow was really crooked."

"Crooked, nothing. If he'd been crooked, they'd have got him in the bankruptcy proceedings. It's a frame-up. They just wanted to drive him out of town, because they don't know how to do business in the modern way and they were afraid. Never be afraid of a bankruptcy. They can't touch you. To go into bankruptcy is any business man's right, just as doing your business the way you want is no one else's business."

"There was a fellow in here today," Ben began with a new show of confidence. "He says he has a lot of goods down in Cincinnati, which he bought up cheap from some mills in the east where they'd over-produced. It was wonderful stuff. Why some of the print goods he had could be sold at ten cents a yard, so you'd be able to make nearly seventy per cent profit at his price."

"Now, you're talking. Grab it, if the price is right. Why, you could put on a week's sale and put this store on the map. You might clean up so well, that you could get that corner store the bankrupt fellow had until the *Star* drove him out."

"But suppose," Ben reflected, "the *Star* should get after me the way they did with the other fellow?"

"Then sue 'em! Herbert Jackson hates the *Star* and he'll take the case. He beat them two years ago and got ten thousand out of them for the Seneca Dairy Company."

Ben made his deal with the jobber from Cincinnati. It was a satisfying way to do business. Ben was obliged to put up only three hundred dollars in cash for thousands of dollars in merchandise, and he was permitted to pay for the goods in sixty days. In fact, the salesman explained that he could get an extension for part of the obligation to ninety days, if there were some large early payments. The salesman never questioned Ben's ability to pay and indicated that a weekly sale would be so successful at low prices that there would be plenty of cash to make another large payment in a short while.

John Schwartz's predictions were correct. The sale began with a crowded store. The *Star* was silent for some unaccountable reason, and the remainder of the week found Ben with a larger bank balance than he had ever had. His conversion to "modern" business methods was complete.

The problem of renting the store that had been vacated by the bankrupt was simple. But the larger store looked vacant with Ben's small stock, and his son badgered Ben into the conviction that for the effect upon customers more goods should be put into the store which in turn would all work in the scheme of rapid turnover.

It was not easy to obtain merchandise from wholesalers as it had been from the Cincinnati man who dealt in the over production of eastern mills. For the first

time in his business career, Ben was asked for a financial statement. He was puzzled, but he knew that Schwartz was the man to tell him what to do and at noon he went to his friend's shop perplexed by a new intricacy of business.

"John," Ben appealed, "this firm in Chicago sends me a letter asking me for a financial statement before they will ship me any goods. They also ask me if half what we figured out would be enough for my first six months' needs."

"Well, that's easy. Figure out what your stock's worth and throw in the value of the lots you own and you'll be covered for more than a hundred thousand dollars. This statement stuff is all bunk. It's what these Chicago business men do to make you feel that you're dealing with a great big concern. They say it's to protect them in case of bankruptcy, but it's all fake. They get trimmed just the same."

Ben hesitated. Meanwhile, with his son he took an inventory of stock, and at Schwartz's suggestion he prepared a financial statement in which he included his real estate as an asset. Still hesitant, he delayed in submitting this record of his business.

Templeton had been growing ever since Ben Black made his first venture into business; and now the property which Ben had bought out of his small savings had increased greatly in value. While hesitating about mailing his statement, Ben was approached by a real estate operator who wanted the lots. The offer was so unusual that Ben, spurred on by his son struck a bargain in short order. A contract was signed and Ben received two thousand dollars in cash, the remainder to be paid later.

Under John Schwartz' ridicule and the appeals of his son, Ben mailed the financial statement.

When the goods came from Chicago, Ben was satisfied; but he had his doubts as to the wisdom of including the real estate in his statement after he had contracted to sell the property.

"There you go again, Ben," Schwartz smiled as he slapped his friend across his stooped shoulders. "You're letting yourself worry, when you can let the other fellow do that. There ain't any chance of you going broke, and if you do, let the fellow in Chicago worry about the real estate. It won't be yours soon anyway. What's more, it ain't really yours now."

Ben and his son planned a Christmas sale. They counted hopefully on the man in Cincinnati to fill the shelves and counters with the over production of the eastern mills as before. Ben remembered that he didn't have the fellow's address. In fact, there was no way to trace him. Their deal had been conducted personally in Templeton; and the bills of lading just read "Arthur Johnson, Cincinnati, Ohio."

Johnson never showed up. At the last moment, Ben's son had to gather in some cheap goods to fill in the gaps of the Christmas sale. This was not enough, however, to balance up the profits when the prices were slashed on the high-grade merchandise from Chicago. Nevertheless the sale went on with a swing. The Black family and a couple of extra clerks worked late every night and went wearily to bed in the belief that business was good.

After the holidays, Ben paid his bills. The electric lighting had cost far more than Ben had ever imagined. Trucking mounted and the clerks had been none too careful in making change which cut another hole in Ben's bank account. Finally when the Chicago merchants asked for payment, Ben realized that he could not

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**and  
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*Ralph B. Gros*  
president

pay the full amount by several thousand dollars. He longed for the appearance of the Cincinnati salesman with the cheap goods which could be disposed of at a sizeable profit.

Letters came frequently from Chicago; and when telegrams came notifying him that his case would be referred to the National Association of Credit Men, he lost his nerve and appealed to his friend. Schwartz, ever ready to advise, began by preaching to Ben.

"Why, of course you're in a hole. If you'd followed my advice and went into this thing on a big scale, nothing like this would have come up. There's only one thing left for you to do. Go into voluntary bankruptcy."

"Yes, John, but how about that financial statement. Hopkins told me that it's awful risky to send a statement through the mails unless you are mighty sure of yourself. He says, they can put you in jail easy as nothing. I shouldn't have put my real estate in that statement. They can get me now."

"Get you! Who's gona get you?" Schwartz demanded.

"The government."

"What's the matter, are you crawling again? If they start anything like that, just get out of town and lay up somewhere until things blow over. You've got money in the bank that will keep you."

With new hope of escaping from his difficulty, Ben laid his plans for a get-a-way. "Schwartz is a good friend," Ben thought as he counted out the money he had drawn from the bank.

Ben was not too quick in his scheme to clear out, for early the next morning, Schwartz, less joyful than at other times, came to Ben's house.

"Don't waste a moment, Ben. They're after you. They know about the transfer of the real estate before you made the statement, and they're goin' to get you indicted. Herbert Johnson got wind of it around the courts some way and you better get on a train right off. Get out of the state. I'd even get to Canada if I were you."

Ben fled with a valise, containing a few pieces of clothing, and the money withdrawn from the bank before the debacle.

The next day the *Star* published another of its vitriolic editorials about dishonest business practices. A wire to Templeton from the National Association of Credit Men brought back the answer that Ben Black had disappeared, and the Association's investigator wondered how the facts of the indictment could have leaked out. With the evidence in hand, the association could turn to the postal authorities to try to apprehend Black before he should leave the country.

Ben Black finished scrawling a letter in his lodging house hall bed room in New York and put on his coat to go out to mail it. It was nearly midnight and Ben was too weary to take the trouble to get into a street car and go to a distant part of the city to mail his letter so that he could not be traced by anyone who might be shadowing him. His letter was in answer to one from his wife which however had been mailed from Ben's sister in Cincinnati and not to Ben Black but to "Alfred Curtis."

Ben dropped the letter addressed to his sister in a mail box a few blocks from his lodging house after he had looked carefully around him to see that

there was no one in sight. Then he turned the corner and hurried away.

\* \* \* \*

Three months after Ben Black's failure, a lean, gaunt, hopeless man stood in a court room with a uniformed guard beside him as a judge of the United States District Court in Cincinnati announced:

"Benjamin Black, I sentence you to three years in the United States penitentiary at Leavenworth, Kansas, and I fine you one thousand dollars for using the United States in a scheme to defraud. I have heard all the pleas for clemency and I realize that you have been a weak man, but nevertheless you are guilty of a crime that is becoming too frequent these days to permit me to be clement. You have not only committed a crime, but you have helped to undermine confidence in business."

"Take the prisoner away."

### Self-Penalized for Selling Delinquents

A SCORE of creditors in a Latin-American country have recently banded themselves together by an agreement that goes to unusual lengths.

This local organization came about at the instigation of two or three dealers who were experiencing considerable trouble in collections from certain merchant debtors who were also taking advantage of others to a similar extent. Some twenty of the more important dealers and manufacturers' representatives in one general line were called together.

As a result of the meeting it was agreed that all of those present who wished to enter into this organization would submit to a common secretary a list of their bad paying customers with the amounts owing. These lists were consolidated alphabetically, the different amounts due by the debtor being shown as separate items instead of the total amount due being lumped. This summation was sent to all members, but it did not show the names of the parties submitting the individual lists.

It was agreed that none of the members was to sell a delinquent on time; but sales for cash were permitted. To make sure that infringements were not indulged in, as is so often the case in agreements of this kind, a penalty was decided upon. Any member violating the agreement was to be liable for the full amount of indebtedness owed to all the members by the party he had sold to in violating the contract. He furthermore agreed, in the signed agreement, that he thereby rendered himself liable to suit for this amount by the association. Any of the signers of the contract were permitted to drop out on thirty days' notice.

Although this has been in force but two months, no additional names up to a recent date had to be added to the original list, and a considerable percentage of the names appearing thereon had been eliminated through payments of full indebtedness by the debtors. This has largely been brought about by the fact that dealers as well as customers listed have been indirectly informed of the existence of such an organization and the fact that they are among those listed as having a questionable credit standing.

Although the plan applied to a specific line of merchandise, there is no apparent reason why it could not be applied to any line with equally good results.

## POSITIONS WANTED

We have a number of applications for positions as Credit Executives as well as Assistants. Should you have an opening in your organization we shall be glad to give you the benefit of our files.

DEPARTMENT OF SERVICE  
National Association of Credit Men  
41 Park Row, New York City, N. Y.

## Addresses Wanted

ACORN WINDOW SHADE CO., 379 4th Avenue, New York City.

BARNET-JACOBSON, formerly located at 1508 E. Washington Street, Indianapolis, Indiana.

BENSON, MRS. N. B., formerly of Memphis, Tenn. Last heard of in Texas.

BETZLER, JOHN E., 2864 Webster Avenue, Bronx, New York City.

BRADFORD, M., formerly operated the Vogue Hat Shop, at Ranger, Texas.

CIANCIMINO, A., INC., 186 Fifth Avenue, New York City.

CLAWSON, W. H., formerly of 2014 Hamilton Avenue, Brooklyn, N. Y.

COHEN, MORRIS, formerly in the tailoring business at 302 West 46th Street, New York City.

COHEN & MESSER, formerly conducted a men's clothing manufacturing business at 929 Broadway, New York City.

COMMERCIAL HARDWARE & SUPPLY CO., formerly of 176 Myrtle Avenue, Brooklyn, N. Y.

De BELTRAND, JEAN B., formerly trading as the Beloit Lease and Drilling Co., at 295 Broadway, New York City. Last known address, 12 West 82nd Street, New York City.

\*FLEISCHMAN, JOSEPH, Proprietor of the Boston Corp. Shoe Store, formerly located at 340 Main Street, Mansfield, Mass.

FOSTER, W. L., formerly of the Foster Furnace Company, at Waterloo, Iowa.

GARLITS, EDWARD E., formerly with the Elite Electric Shop, at El Paso, Texas. Also known in Pittsburgh, Pa.

GLAZER, H. D., formerly conducted a plumbing business at 108 Dixwell Avenue, New Haven, Conn.

HARRIS, SAM J., previously located at 732 Montana Avenue, Santa Monica, California.

\*HECKMAN, STANLEY, formerly of 117 W. Center Street, Mahoney City, Pa.

HOOD & TRUSS, 228 W. Grand Street, Oklahoma City, Okla.

KNIGHT SCREEN CO., Queens Village, Long Island, N. Y.

KOMFIT WEATHERSTRIP CO., formerly of 9702 Fort Hamilton Parkway, Brooklyn, N. Y.

KUSHNER, JOSEPH, formerly conducted a tailoring business at 989 Onderdonk Avenue, Brooklyn, N. Y.

LAND, H. M., Dispensary, formerly located at 702 Whitlock Avenue, Alexandria, La.

LEE, ARTHUR, formerly of Riverhead, N. Y.

LENCI, M. & COMPANY, recently operated by Mario Lenci and Umberto Lenci, retail grocers, at 157 4th Avenue, Brooklyn, N. Y.

MAIER, CHRISTIAN, formerly at 950 Gratiot Avenue, Detroit, Mich.

OVERSTREET, H. B., formerly in business at Moss Point, Mississippi.

PARKO, ANDREW, 495 Claremont Parkway, New York City.

PEYSER BROS., formerly in the tailoring business at 2 East 23rd Street, New York City.

RENAKER, T. E., Winchester, Kentucky.

ROSE, ALEX, formerly proprietor of the Logan Bakery & Creamery Company, at Logan, West Virginia. Later at Huntington, West Virginia.

SCHATZ, HARRY, formerly of Lorain, Ohio.

SCHIFTER, BENJAMIN, recently located at 909 Third Avenue, Brooklyn, N. Y.

SCHNEIDER, ADOLPH, trading as Schneider Knitting Mills, formerly at 1721 N. Phillips Street, Philadelphia, Pa.

SLAWSON, W. E., formerly residing at 2831 Milwaukee Avenue, Chicago, Ill.,

doing business under the name of Aurora Mineral Products Company.

\*UTHERLAND, JOHN W., formerly at 327 South La Salle Street, and later at 33 South Dearborn Street, Chicago, Ill.

TIP TOP OUTFITTING CO., formerly located at 1140 Broadway, Brooklyn, N. Y.

VINOGRAD, JAMES P., formerly of 6946 North Ashland Avenue, Chicago, Ill., connected with the C. V. S. Sales Company, at 337 West Madison Street, Chicago.

WALDMAN, ISADORE, 467 Central Avenue, Brooklyn, N. Y.

ZERNER, HENRY, formerly in the tailoring business with Morris Siegel, known as Siegel & Zerner, at 344 West 44th Street, New York City.

\*HARTWICK, ARTHUR T., lately doing business under name of the Hartwick Manufacturing Company, at 1331 North Clark Street, Chicago, and formerly located at 36 South State Street, Chicago, Ill., manufacturers of spot lights.

\*EDGERTON, THOS., formerly in business at 36 Public Square, Wilkes-Barre, Pa. Now believed to be in New York City.

## Can We Judge Him By His First Letter?

WHEN a party unknown to me sends in an order, I look up his rating in Dun's or Bradstreet, determine whether our local Credit Men's Association has any report on him, and finally inquire of different Credit Men whom I know in the Association whether they have had any dealings with him. If upon a study of the reports, I find them favorable as a whole I am ready to grant him credit.

No doubt most of those who read this will say, "Nothing new in that—just old standing rules which we and our predecessors have followed for years."

True enough; but I take a further precaution by scrutinizing every letter that comes to my department, studying the handwriting, the contents, the phraseology and general appearance of the letter. If I find a good plain handwriting, straight lines and a readable signature it counts in his favor. If the contents is free of all bombastic expression and construction, fairly correct, to the point, I credit the writer with the possession of at least some business ability. If he writes a fair hand, but sprawls all over the sheet in such a manner as to completely cover it with a few lines, or if he starts a line in the upper left hand corner and finishes it in the lower right hand corner, I say the fellow is careless or reckless in writing and must be so in business as well.

Our country trade is mainly with small dealers, many of whom have no typewriting facilities and consequently must write in long-hand. Many of them are not highly educated. Some write with pencil and not very correctly. But if the letter has an honest ring to it I pass favorably upon the first order.

The result, in my experience, is generally satisfactory.

Now what I want to know is this: Am I an old fog in laying so much stress on the appearance and general style of the unknown merchant's letter? What do the younger men in our profession think about it?

## The Helping Hand



The Credit Man Knows the Value of Trained Subordinates

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The credit man, in training his subordinates, gives them the use of every tool of trade that he has himself.

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(He may also arrange to have the sales manager receive a copy every month.)

Credit Monthly,  
41 Park Row, N. Y.

Please send the magazine for 12 months to address below. I enclose check for \$2.00 (\$3.00 less special discount offered in November, 1925, CREDIT MONTHLY to members N. A. C. M.).

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Address \_\_\_\_\_

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Collection Items are received by a Bureau with the understanding that should developments indicate the necessity of action for all creditors, the interest of one shall be subservient to all. Each claim submitted should be accompanied by complete data and instructions.

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**ADJUSTMENT BUREAUS**  
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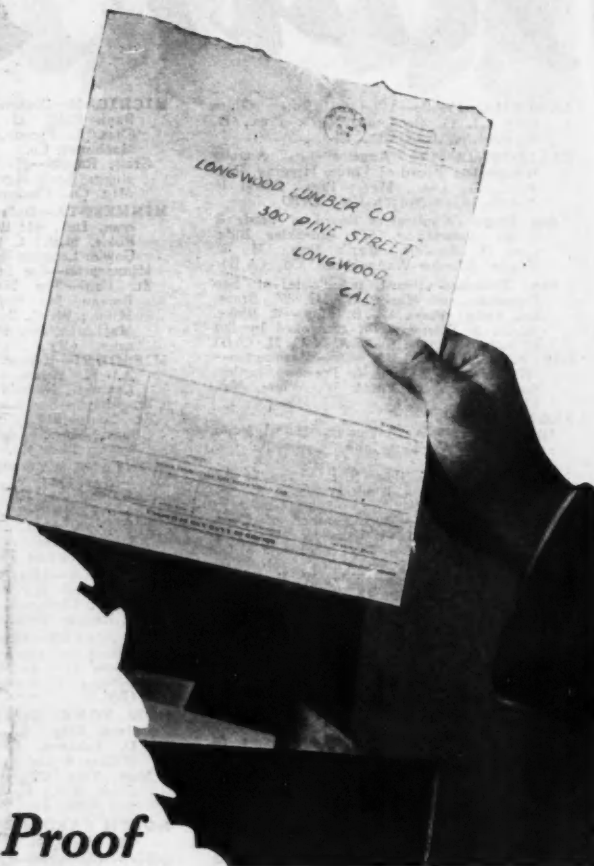
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